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Portland Rxers on the ropes in HMO slugfest—p. 39

DRUG STORE NEWS®

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American puts muscle into 'super chain' plan

By Bruce Buckley

SALT LAKE CITY — With the sale of Rea and Derick under its belt, American Stores has begun to consolidate its remaining drug store operations into a single super chain operating stores coast to coast.

The move, according to the company, is designed to achieve "significant economies" for the three operations—Skaggs, Osco and Sav-On. The 641 super stores operated by the three divisions are estimated to generate sales of more than $3 billion—the highest in the industry.

Part of the move will involve merging the buying activities of the three chains in order to achieve the best possible prices based on volume buys. In addition, American said, it will "provide the company with greater flexibility and leverage in developing its private-label program."

Asked if the coordination of buying programs meant the creation of a single super buying staff in Salt Lake or Chicago, Michael T. Miller, sr. vp of American Stores, said, "Not at present."

In another change aimed at gaining greater market penetration and economies of scale, American has begun to unite its drug stores in specific markets under single logos.

For example, the 15 Skaggs Drug Centers in southern California—a Sav-On stronghold—will assume the name of its sister drug chain in January. In addition, the five Sav-Ons and seven Skaggs Drug Centers in Las Vegas will change their names to Osco Drug.

American said other Skaggs stores across the country will also be changed to the Osco banner starting in February 1985. In addition, 33 Osco stores that currently operate as a separate

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More planned in '85

Peoples opens deep-discount

GREENBELT, Md. — Peoples Drug Stores has opened its first experimental deep-discount store—a 35,000-sq.-ft. carnival of a store called Bud's Deep Discount Store and More.

Barry Wilen, corporate vp of Retail Development who designed the store, said Peoples will be opening "several more Bud's during 1985."

He said negotiations for sites are currently under way, but no second lease has been signed yet.

The first Bud's opened in mid-November in the Beltway Plaza Shopping Center here. Wilen, who describes Bud's as "like no other drug store in the world," has given 30% of the store's 25,000 sq. ft. of selling space to food and the rest to

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Fla. Eckerd store tests scanners

By Gail Appleson

CLEARWATER, Fla. — The Eckerd Drug Co. has begun testing a point-of-sale scanning system in Largo, Fla., using three IBM slot scanners and four Symbol Technologies hand-held laser devices.

This move places Eckerd among a handful of drug chains, including Revco and Rite Aid, which are experimenting with POS scanning programs.

The addition of scanners follows Eckerd's announcement at its 1983 annual meeting that it planned to test such devices. The chain already has POS system support equipment in over 100 stores.

IBM is among the pioneers of slot scanning in supermarket chains and remains among the top three scanner manufacturers serving that industry. This

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Med-Glaser's MEGS debuts in St. Louis

ST. LOUIS — Medicare-Glaser has opened its first deep-discount drug store, a 25,000-sq.-ft. unit called MEGS Deep Discount Drugs and Much More.

The store, which has 21,000 sq. ft. of selling space, is located in a strip center on Manchester Street, one of the busiest thoroughfares in St. Louis.

MEGS, which has the potential to generate between $8 million and $10 million its first year, is being operated on margins slightly below the 18% to 20% common to deep-discount stores.

Management is reportedly shooting for approximately seven turns a year on an average inventory of approximately $1 million.

MEGS has been designed by Fred Barney, executive vp and coo of the St. Louis-based chain, and Jerry Gaddis, vp of the Specialty Retail division.

Barney, who is also president of the Specialty Retail division, and Gaddis created and ran the Jax deep-discount store division for Fisher Foods in Cleveland for several years. Barney was also president of Gray Drug Fair for several years.

Both men say they will be opening more MEGS outlets for Medicare-Glaser. A search is now under way for additional sites and a second MEGS could open by mid- to late 1985, according to Gaddis.

"You have to be in competition with deep-discount stores," says Gaddis, who is handling the day-to-day supervision of MEGS, while Barney works on realigning merchandising strategies for Medicare-Glaser's traditional drug stores that compete with MEGS.

"If you're not in the running with your own deep-discount drug store, then someone else will be. Yes, we now have to worry about how to maintain volume in our traditional stores, and we are working on that. But you have to remember that when there are trade-offs, at least we are keeping the dollars in the corporation," says Gaddis.

MEGS is the third deep-discount drug store to open in the St. Louis market in the past eight months. The first, Colman's, was opened by an independent who is about to launch its second unit. A second deep-

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Dolls center stage at grand opening

ST. LOUIS — An elderly woman's desire to brighten the last days of a young girl dying from leukemia transformed Medicare-Glaser's opening of its first deep-discount store, MEGS, into a media event.

The woman, who stood in line for more than five hours on a drizzly, cold November morning, made headlines in [illegible] the morning papers and on the evening television news. [illegible]ers covering the grand opening discovered she had end[illegible] the wait to buy an advertised Cabbage Patch Doll for the termi[illegible]ly ill child.

Her kindness, together with the near-riot condition under

Continued on page 66

LATE NEWS

THIRD-QUARTER NET earnings at Pay Less Drug Stores NW, rose 22% to $5.6 million from $4.6 million in 1983. Sales were up 19% to $223.5 million from $203.9 million the previous year. Through the first three quarters, Pay Less has posted earnings of $15.3 million on sales of $651.6 million.

FAY'S DRUG COMPANY reported a "modest" increase in net earnings for the third quarter ended Oct. 31, the result of a "widespread softening in sales of general merchandise" and of comparing with a robust 56% earnings growth in the same year-earlier period. Earnings were up 1.2% to $1.8 million for the quarter, as sales increased 14.3% to $87.4 million. For the nine months, earnings increased 22.8% to $9.7 million, while sales rose 16.8% to $257.3 million.

—News in brief—

Site changed for Pay Less d.c.

WILSONVILLE, Ore. — Pay Less NW has switched the site of its planned northern California distribution center from Stockton to Woodland. Construction of the 500,000-sq.-ft., facility will begin in the spring of 1985, with completion scheduled for the summer of 1986.

The new Woodland facility will service 79 Pay Less stores in northern California.

The major purpose of the new facility is to cut distribution costs to Pay Less stores in northern Califo[illegible] reducing distances from warehouse to stores by one-half. Currently, the central distribution center in Wilsonville ships from Oregon south to Bakersfield, a distance of 1,000 miles. The new d.c. will ship from Woodland to Bakersfield, a distance of 430 miles.

Pay Less NW officials would not comment on the reasons for the site change.

Genovese net income up 5%

MELVILLE, N.Y. — Genovese Drug Stores Inc. reported that third-quarter net income rose 5% to $774,000 from $737,000 during the same period last year. Sales for the quarter, ended Nov. 9, were up nearly 19% to $50.8 million from $42.7 million in 1983.

Through the first three quarters of the year, Genovese has posted earnings of nearly $2.5 million on sales of $163.5 million.

Eckerd appoints Masters

CLEARWATER, Fla. — Jack Eckerd Corp. has appointed Larry C. Masters, former chairman of May D&F Department Stores in Denver, chairman and ceo of JByrons Department Stores, its 61-store junior department store subsidiary.

Evans named ceo at Cullum Cos.

DALLAS — Jack W. Evans has been named chief executive officer of Cullum Cos., the parent of Page Drug and Tom Thumb/Page. Evans retains the title of president. However, J. T. Hairston succeeds Evans as chief operating officer.

Whitehall ordered to nix Advil ads

NEW YORK — Whitehall Laboratories was ordered by a U. S. District Court here to discontinue advertisements for Advil that the Upjohn Company said were deceptive and misleading. The court enjoined Whitehall from using a print and television ad that represented the brown-colored Advil as an orange tablet, which closely resembles the color of Upjohn's prescription ibuprofen, Motrin. Whitehall also was ordered to discontinue an advertising copy line stating that Advil is "so effective that doctors have already prescribed it over 130 million times." Upjohn charged that the sentence in the ad could cause confusion to consumers, who might interpret the statement as referring to Upjohn's Motrin rather than Whitehall's nonprescription product, Advil.

Perry opens new store

PONTIAC, Mich. — Perry Drug has opened its first new store for its fiscal 1985, a 6,000-sq.-ft. Auto Works discount auto parts store in Sturgis, Mich.

The chain now operates 146 drug stores, 157 auto parts stores, a clinical laboratory and a health-care facility in eight states.

Revco to offer Rx info program

TWINSBURG, Ohio — Revco D. S. next month will launch a new pharmacy information program designed to answer consumer questions about prescription drugs and the growing number of OTC medications. Dubbed "PHARMassist," the new in-store program will include special store signs and brochures, all of which are aimed at encouraging customers to ask Revco pharmacists questions concerning health care related products.

Revco also has kicked off a new campaign promoting the career opportunities in the field of pharmacy. In addition to sending Revco personnel out to speak to high school students, Revco also will make presentations to pharmacy school students about the trends in the industry.

Diane M. Tharp, R. Ph., manager, professional operations, will oversee Revco's in-store program for customers. H. Craig Darby and Joseph R. Sabino, both professional operations representatives, will spearhead Revco's pharmacist recruitment drive.

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Peoples pays $85 million for Rea and Derick chain

ALEXANDRIA, Va. — Peoples Drug Stores is acquiring the 134-unit Rea and Derick drug chain for $85 million.

The acquisition price was revealed last month as Peoples signed a definite agreement with Rea and Derick's former parent, American Drug Stores.

As reported in *Drug Store News'* Nov. 26 issue, Peoples had reached an agreement in principle with American Stores earlier in November, winning out in the final bidding round over Rite Aid, Sherwin-Williams and Weis Markets.

The acquisition, which still has to be approved by regulatory authorities, will increase Peoples annual sales to nearly $1.2 billion, while expanding the chain's universe of stores to 750 units.

For at least a year, Peoples will continue to operate Rea and Derick, which has a leading market share in most of the communities in which it operates, as a separate division just as Peoples operates its Lane and Reed divisions.

Peoples' management acknowledges that the company could probably achieve some operational efficiencies by consolidating Rea and Derick's buying staff with that of Peoples, but they also point out that the Peoples buyers will have their hands full buying for the chain's new Fredericksburg distribution facility, which will open around March of next year.

In the Peoples organization, buyers make their purchases for the distribution centers that service specific stores. Therefore, the Rea and Derick buying organization will continue to make purchases for the Rea and Derick facility which currently services 134 stores.

That same facility may also begin to service that handful of Peoples stores which also operate in Rea and Derick's Pennsylvania markets.

It is also very likely that Peoples will combine the Peoples and Rea and Derick names in all future ads for the area. "We will probably run commercials saying these values are obtainable at all Peoples and Rea and Derick stores," says Joe Pollard, Peoples vp of advertising.

At present, Peoples has no plans to change any of the merchandising layout in the Rea and Derick stores. Most of those stores are similar in style and layout to Peoples, anyway.

There are, however, about 20 Rea and Dericks that are more in the super drug store range of about 18,000 sq. ft., and there is a slim possibility that these may get new layouts and perhaps be downscaled.

However, some industry sources who have shopped the bigger stores say that Peoples may just decide to leave them as they are. "They're well laid out and well merchandised," says George Nyhardt, senior vp of the National Association of Chain Drug Stores.

Other sources point out that the variety of prototypes in the Rea and Derick division, extending from small stores located in small Pennsylvania towns to the super stores that Skaggs started opening after it acquired Rea and Derick several years ago, gives Peoples an operation that is described as "not exactly confused, but in-between."

"It's a question of them operating not just one type of chain stores, but several," says a source.

However, a source for Amer-

Continued on page 66

Eckerd rebound continues as earnings increase 18.2%

CLEARWATER, Fla. — The Jack Eckerd Corp. earnings rebound that began last year was still going strong at the end of the first quarter, with net earnings of $13.2 million, up 18.2% over last year's $11.1 million.

Sales for the quarter ended Oct. 27 were $637.8 million, up 17.5% over the $543 million reported during the same period in 1983.

The drug division, which now has almost 1,500 stores, continued to be the profit leader with operating earnings of $33.4 million, up 17.7% over last year's $28.3 million. Sales increased to $548.8 million, from $472.6 million, an increase of 16.1%.

While both the J. Byrons and American Home Video divisions remained in the red for the quarter, both divisions reported that operating losses had been reduced.

JByrons, the corporation's Florida junior department store chain with 61 units, decreased its operating loss from $1.9 million to $1.5 million, as sales rose 18.6% to $49.5 million.

American Home Video, with 203 stores, cut its first-quarter operating loss to $1.8 million from $2.9 million last year. Sales increased 37.9% to $39.6 million.

Stewart Turley, chairman and president, praised the drug division, calling its performance "excellent." He said one reason for the strong showing was that Eckerd "stepped out before the others and promoted. We think it will be a promotional Christmas."

During the company's annual shareholders' meeting here, Turley cited the following drug division accomplishments during fiscal 1984:

- Eckerd Drug consolidated all of its buying and merchandising groups into the company's headquarters. This move is expected to streamline the division's buying operation and allow faster reaction time.
- The division began testing a new race track store design with a central service and checkout area.
- A new 216,000-sq.-ft. distribution center was opened in Hammond, La.
- The company met its commitment to install 400 pharmacy computers. An additional 500 will be in place in 1985.
- Two "one hour" photofinishing units were opened for testing in fiscal 1984. Three more are expected to open this month. All are located inside Eckerd Drug stores, but have separate outside entrances.

In the first quarter of fiscal 1985, the corporation initiated several of its long-range plans. The first POS scanning system was installed in the Seminole Mall drug store in Largo. That store also received an experimental Comp-U-Card video shopping machine, from which shoppers can order 2,000 to 3,000 of the best-selling items.

Turley said the drug division has also began testing a program in some stores to offer video rental tapes from American Home Video. Stores involved in the test are located in Houston, Dallas and Atlanta. The participating drug stores have about 80 titles, which are stocked by American Home Video.

"It's a unique situation where we can take care of ourselves," Turley said. "If you don't have the current titles, you're really in trouble."

Bogus OC's traced to Panama

ROCKVILLE, Md. — Food and Drug Administration investigators traced at least one shipment of counterfeit Ovulen 21 oral contraceptives to Panama, but are downplaying speculation that a "Central American connection" may be responsible for the bogus OC's, which began turning up in pharmacies and wholesale drug warehouses over a month ago.

The Panamanian shipment, destined for a Deer Park, N.Y., wholesaler (Quality King), was spotted by a sharp-eyed U.S. Custo[illegible] inspector at New York'[illegible]nnedy International Airport who became suspicious of a declaration indicating that the drugs were "re-entering" the United States.

Acting on the Customs agent's tip, F.D.A. officials seized 1,329 cartons (15,948 21-tablet units) of the counterfeit Searle OC from Quality King. A spokesman for the agency told *Drug Store News* that the pills in the Panamanian shipment appear to be from the same batch ("Lot 489") that was traced earlier to a competing Long Island distributor, Interstate Cigar.

F.D.A. investigators also disclosed a separate seizure of 482 cartons of counterfeit "489" Ovulen ("complete with patient package inserts") at McKesson's warehouse in Grand Prairie, Tex. The agency also seized 4,100 units of bogus OC's from Memphis, Tenn.-based Williams Generics. (Unlike the counterfeits obtained from McKesson and Quality King, the drugs seized in Tennessee were marked similarly to phony Ovulen tablets that had been earlier tracked to a third Long Island wholesaler, Interstate Drug Exchange.)

Although officials at two of the New York wholesale druggists (Interstate Cigar and Interstate Drug Exchange) told *DrSN* that they had purchased their Ovulen supplies from a Florida distributor (Lantor), Federal investigators refused to disclose any information concerning that company's possible involvement.

Officials at Searle, which is conducting its own investigation of the counterfeits, also refused to release any further information.

FINANCIAL

Three wholesalers post record sales, earnings

NEW YORK — Three of the country's five leading wholesalers reported record sales and earnings for the quarter ended Sept. 30.

Alco Standard Corp., headquartered in Valley Forge, Pa., closed its fiscal year with earnings up 22% to a record $64.8 million from $53.1 million in 1983. Primary earnings per share rose 14% to $2.87 from $2.52 the previous year.

Alco's revenues from continuing operations were up 24% to $3.4 billion from $2.7 billion in 1983.

For the three-month period ended Sept. 30, Alco recorded a 7% decrease in net earnings as net income dropped to $17.9 million from $19.2 million during the fourth quarter of 1983. Revenues from the fourth quarter rose 24% to $381.3 million from $306.7 million in 1983.

FoxMeyer Corp., the fourth leading wholesaler, reported that second quarter earnings rose 46% to $1.9 million from $1.3 million in 1983. On a per share basis, net income increased to 39¢ a share from 30¢.

Second-quarter revenues at FoxMeyer were $167.1 million, a 52% increase over the $109.3 million in 1983.

Through the first two quarters of the fiscal year, FoxMeyer's net earnings were up 68% to $3.4 million from $2 million in 1983. Earnings per share rose 21% to 69¢ from 57¢.

Revenues for the first half of the year at FoxMeyer increased 54% to $326.5 million from $211.6 million during the first two quarters of the previous fiscal year.

The Indianapolis-based Bindley Western Industries reported that third quarter net earnings soared 45% to $1.04 million from $723,000 in 1983. Earnings per share for the third quarter were 33¢, compared with 28¢ for last year.

Third-quarter sales advanced 22% to $141.2 million from $115.9 million in 1983.

Net income through the first three quarters of the year at Bindley Western was up 60% to $3.3 million from $2 million in 1983. On a per share basis, earnings rose 17% to $1.04 from 89¢. Sales for the first three quarters were $406 million, compared with $344.9 million in 1983.

10 Gainers

5 Unchanged

38 Losers

Top five gainers

Company	2-week % change	Closing price 11/19
Zenith Labs	+16.92%	$19.00
Reid Prov Labs	+12.50	3.38
Block Drugs	+11.11	30.00
ICN Pharm	+ 2.99	8.63
Spectro Indus	+ 2.36	27.36

Top five losers

Company	2-week % change	Closing price 11/19
Cooper Labs	−17.60%	$12.88
Fay's Drug	−13.68	10.25
Key Pharm	−12.36	9.75
Forest Labs	−11.30	12.75
Rite Aid	− 8.45	24.25

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		From 11/02/84 - 11/19/84							Price Trend (% per day)		Volume Trend (% per day)		Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
					Change		52-Week																				
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
Chain Store transactions																											
Am Stores	ASC	38.50	36.38	36.50	-1.63	-4.26	42.38	26.50	-.27	-.42	.84	6.71	3.61	.87 S	27.9	51.0	1.5	9.2	.64	1.8	09-18-84	7983.7	117.9	1.5	12.39	15.26	0184
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	18.50	14.50	-.05	.49	11.04	-16.36	1.47	1.46 N	NC	-10.0	1.4	10.6	.68	4.4	10-16-84	56.8	.8	1.8	11.50	17.52	0383
Big B	BIGB	11.75	11.25	11.38	.13	1.11	13.25	8.88	-.02	.39	-.29	2.84	.53	.14 S	31.1	23.0	3.0	19.3	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88	0184
Drug Sys	DRGS	5.25	4.75	4.75	-.25	-5.00	7.50	3.25	.44	.00	1.85	27.46	.56	-.21 Q	-29.5	-74.0	2.1	9.5	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84	0384
Eckerd, Jack	ECK	29.00	27.00	27.88	-.38	-1.33	29.25	20.25	.13	.48	-1.90	2.67	2.27	.36 F	18.8	4.0	3.3	12.3	1.00	3.6	09-10-84	2622.5	85.4	2.0	2.52	16.47	0784
Fay's Drug	FAY	12.50	9.75	10.25	-1.63	-13.68	14.50	8.38	.33	-3.66	5.95	62.36	.60	.15 S	29.4	52.0	2.6	15.5	.20	2.0	09-24-84	312.4	8.1	1.7	1.78	3.82	0184
Genovese Drug	GDX	13.88	13.63	13.88	.13	.91	20.50	11.50	-.12	.88	-3.32	11.90	.96	.25 S	32.0	70.0	2.0	13.5	.20	1.4	09-17-84	193.8	3.9	1.9	2.83	4.92	0184
Hook Drugs	HOOK	18.50	18.00	18.50	.25	1.37	29.50	18.00	-.90	.76	4.21	13.99	2.01	-.26 N	-12.7	6.0	2.7	10.4	1.00	5.4	10-09-84	320.5	8.7	1.7	2.75	10.38	1283
Longs Drg Strs	LDG	45.13	43.00	43.63	-1.13	-2.51	49.75	34.00	.20	-.01	2.33	4.16	3.43	.41 S	12.9	11.0	3.0	12.2	1.28	2.9	08-28-84	1214.4	36.4	1.9	.00	21.13	0184
Pay N Save	PAYN	22.88	22.50	22.88	.00	.00	28.75	14.38	-.10	.50	-12.65	-22.62	2.02	-.23 S	-13.2	.0	2.5	15.3	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37	0184
Pay Less NW	PAY	24.13	22.00	22.38	-1.75	-7.25	24.13	14.00	.23	-.50	-2.06	-25.74	1.35	.34 S	29.8	4.0	2.9	15.1	.34	1.5	09-17-84	852.9	24.7	1.8	4.62	7.19	0184
Perry Drug	PDS	17.25	16.25	16.38	-.13	-.76	19.63	12.38	-.18	-.19	2.56	10.98	1.02	.45 N	52.9	12.0	1.6	12.6	.24	1.5	08-21-84	285.5	4.5	2.2	2.78	9.75	1083
Revco Drug	RDS	28.38	26.00	26.25	-1.38	-4.98	37.50	24.00	-.45	-.23	-3.30	13.34	2.54	.52 Q	26.0	26.0	4.2	10.4	.80	3.0	08-20-84	2227.5	93.4	2.1	1.08	12.22	0584
Rite Aid Corp	RAD	27.00	24.13	24.38	-2.25	-8.45	27.25	17.50	.14	-.85	-3.19	10.77	1.47	.30 S	23.4	29.0	5.1	15.4	.51	2.1	10-09-84	1223.3	62.2	2.3	.49	7.68	0284
Thrifty Cp	TFD	20.88	19.50	20.00	-.38	-1.84	21.38	11.50	.09	.82	-2.87	38.99	1.40	.27 F	23.8	20.0	2.1	14.3	.52	2.6	11-02-84	1299.3	27.9	1.5	5.39	6.83	0883
Walgreen Co	WAG	44.88	41.50	41.50	-1.13	-2.64	44.88	28.63	.35	-.72	-1.32	-24.84	2.78	.51 F	22.4	42.0	3.1	14.9	.88	2.1	11-07-84	2744.6	85.4	1.6	1.76	11.47	0883
Wholesaler's transactions																											
Bergen Bruns	BBCA	24.25	23.13	23.13	-.75	-3.14	27.63	19.00	.08	.16	-9.07	-29.80	1.86	.26 F	16.2	37.0	1.4	12.4	.32	1.4	10-26-84	1703.4	23.4	1.6	1.08	11.11	0884
Cardinal Dist	CDIC	14.50	13.75	14.25	.13	.89	19.25	13.50	-.61	.60	-.58	-21.89	1.01	.99 Q	NC	23.0	1.1	14.4	.00	.0	00-00-00	243.3	2.6	1.8	1.01	6.50	0384
Durr Fillauer	DUFM	13.00	12.75	12.75	.00	.00	16.25	10.25	-.30	-.07	-4.07	.00	.80	.09 S	12.0	21.0	1.9	15.2	.16	1.3	08-20-84	263.2	5.0	2.3	2.03	6.80	1283
McKesson Cp	MCK	40.38	38.63	39.00	-.38	-.95	44.25	32.38	.08	.51	1.31	-37.61	3.25	-.08 S	-2.4	.0	1.5	12.0	2.40	6.2	08-28-84	4260.0	63.0	1.4	10.45	30.25	0384
Foxmeyer Cp	FOXM	24.50	23.00	23.00	-1.00	-4.17	26.75	20.00	-.11	-.77	.11	-24.99	1.27	.33 F	35.1	51.0	1.1	18.1	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86	0384
Ketchum	KCH	16.25	15.13	15.13	-.88	-5.47	20.19	10.09	-.07	-.82	-2.44	-39.71	.77	-.26 Q	-29.2	87.0	.3	24.0	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74	0484
Owens & Minor	OBOD	13.50	12.75	13.25	.00	.00	17.00	11.25	-.40	.32	1.23	-74.58	1.41	.17 S	14.5	10.0	1.2	9.9	.36	2.7	12-10-84	255.2	3.0	2.8	5.07	11.69	1283
Spectro Indus	SPO	27.50	26.38	27.13	.63	2.36	27.50	15.50	.41	.34	-1.62	7.95	1.78	.72 S	48.9	57.0	1.8	12.4	.14	.5	09-24-84	395.4	7.2	1.7	2.46	8.88	0384
Manufacturer's transactions																											
Abbott Labs	ABT	43.63	41.13	41.50	.63	1.53	48.75	36.75	.23	-.05	-3.26	5.36	2.86	.50 N	18.5	25.0	11.9	13.0	1.20	2.9	10-09-84	2927.9	347.6	1.9	4.00	11.71	1283
Am Home Prod	AHP	50.88	48.00	48.00	-2.50	-4.95	55.75	46.75	.09	-.68	-1.95	2.57	4.00	.41 N	10.5	15.0	12.9	11.2	2.64	5.5	11-06-84	4856.5	627.2	3.0	.00	13.14	1283
Baxter Travenol	BAX	14.63	13.00	13.25	-.75	-5.36	24.88	12.50	.06	-.51	-1.39	-5.25	1.45	-.18 N	-12.7	18.0	11.8	10.8	.33	2.5	08-31-84	1842.5	218.1	1.7	1.60	8.17	1283
Block Drugs Co	BLOCA	30.50	27.00	30.00	3.00	11.11	30.50	25.00	.37	.15	11.77	58.93	3.28	.34 S	10.9	16.0	10.0	8.7	1.00	3.3	11-27-84	238.2	23.9	2.3	2.41	20.68	0384
Bolar Pharm	BLR	24.63	22.75	22.88	-1.75	-7.11	32.00	17.50	-.37	.00	14.15	37.58	1.15	.13 S	13.0	46.0	19.2	20.2	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76	1283
Bristol-Myers	BMY	50.00	47.63	48.50	-1.00	-2.02	50.38	40.75	.26	.31	.07	6.13	3.00	.46 N	15.9	19.0	10.4	14.5	1.60	3.3	10-01-84	3917.0	408.0	2.4	.71	13.99	1283
Carter-Wallace	CAR	27.75	26.00	26.88	-.63	-2.27	27.88	19.38	.47	.59	.68	-7.47	2.37	1.86 S	265.7	30.0	5.7	10.5	.48	1.8	10-31-84	323.1	18.4	2.4	1.69	21.87	0384
Cooper Labs	COO	15.63	12.50	12.88	-2.75	-17.60	27.00	10.38	-1.03	-1.46	5.16	-26.70	.51	-.04 N	NC	NC	3.5	NE	.12	.9	03-12-84	232.5	8.2	1.9	4.36	13.07	1083
Forest Labs	FRX	15.50	12.13	12.75	-1.63	-11.30	32.25	11.25	.14	-2.01	3.37	-.91	.54	.02 S	3.9	50.0	14.8	24.1	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42	0384
ICN Pharm	ICN	8.88	8.25	8.63	.25	2.99	9.75	4.88	-.39	-.04	-1.60	1.41	.22	-.09 S	-32.1	42.0	5.1	45.4	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34	1183
Key Pharm	KPH	11.25	9.00	9.75	-1.38	-12.36	20.25	9.00	-.70	.95	-2.31	-51.74	.51	.18 N	40.9	71.0	14.8	15.7	.16	1.6	09-10-84	127.3	18.8	2.1	1.16	1.67	1283
Lilly Eli Co	LLY	63.25	61.75	61.88	-.13	-.20	66.13	53.00	.25	.20	.07	-9.21	6.13	.79 N	13.4	12.0	15.1	9.3	3.20	5.2	11-08-84	3033.7	457.4	1.9	1.23	28.86	1283
Lee Pharm	LPH	3.50	2.88	2.88	-.13	-4.17	3.75	2.13	.41	-2.39	2.41	-22.38	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.6	.41	1.53	0983
Marion Labs	MKC	42.50	39.50	39.50	-2.50	-5.95	43.25	27.25	.38	-.74	.06	-14.69	1.24	.50 Q	56.8	59.0	10.6	28.6	.40	1.0	09-12-84	226.4	24.1	2.4	.04	7.05	0684
Merck & Co	MRK	89.50	85.25	85.88	-2.75	-3.10	99.38	78.25	.18	.49	-2.02	-1.17	6.10	.52 N	8.6	7.0	13.9	13.1	3.00	3.5	08-31-84	3246.1	450.9	1.7	5.21	32.92	1283
Morton Thiokol	MTI	31.38	26.25	27.50	-.97	-3.40	31.38	19.97	-.02	-2.73	8.35	12.68	2.16	.44 Q	24.1	27.0	5.5	12.2	1.76	6.4	08-27-84	2001.5	109.8	1.5	2.94	12.50	0684
Mylan Labs	MYLN	28.13	24.63	24.63	-1.25	-4.83	35.13	8.22	.03	-1.31	-.85	27.79	.40	.32 S	94.1	107.0	12.7	37.3	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52	0384
Newport Pharm	NWPH	6.50	5.63	6.13	-.25	-3.92	8.25	2.75	.59	-.11	-.14	2.64	-.21	-.18 F	NE	9.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93	0484
Pfizer Inc	PFE	40.13	38.13	38.38	-1.63	-4.06	40.25	29.38	.40	.12	-1.13	-.07	2.73	.43 N	16.6	18.0	11.9	12.7	1.32	3.4	11-13-84	3750.0	447.1	2.1	3.03	13.67	1283
Reid Prov Labs	REID	3.38	2.88	3.38	.38	12.50	4.75	2.75	-.20	3.59	6.01	16.22	.12	.02 F	20.0	107.0	6.7	28.1	.04	1.2	12-10-84	13.4	.9	3.1	.03	.80	0683
Robins, AH	RAH	21.00	19.50	19.88	-.63	-3.05	23.38	12.00	.42	-.36	3.07	28.33	2.40	-.98 N	-41.3	9.0	10.3	14.3	.76	3.8	08-20-84	563.5	58.2	3.2	1.36	14.69	1283
Rorer Group	ROR	30.00	28.25	28.75	-.25	-.86	34.13	25.25	-.14	.44	-2.99	-14.69	2.02	.16 N	8.3	10.0	8.9	13.8	1.08	3.8	11-02-84	475.3	42.4	2.0	2.18	10.43	1283
Scherer RP Co	SCHC	9.50	8.75	8.88	.00	.00	18.63	8.63	-.49	.88	-4.79	-18.40	.52	-.40 Q	-44.4	-5.0	2.3	17.8	.32	3.6	09-12-84	171.7	4.0	1.9	4.83	11.14	0384
Searle, GD	SRL	59.63	56.38	56.88	-2.50	-4.21	61.50	37.50	-.14	.56	-2.77	10.15	2.39	.70 N	29.7	14.0	12.6	18.6	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85	1283
Squibb Corp	SQB	53.00	49.63	51.38	-1.00	-1.91	53.00	37.50	.41	.60	1.01	13.09	3.31	.37 N	11.5	10.0	9.8	14.4	1.60	3.1	11-09-84	1768.9	173.3	2.4	3.86	23.24	1283
Sterling Drug	STY	29.50	26.63	26.63	-.38	-1.39	29.50	23.50	.10	-.64	2.78	-.33	2.24	.15 N	6.8	7.0	7.2	11.4	1.16	4.4	11-07-84	1901.2	136.8	2.7	1.44	14.96	1283
Syntex Corp	SYN	49.88	45.25	45.38	-3.88	-7.87	57.50	37.75	-.03	-1.12	-1.26	20.74	4.08	-.22 F	-5.1	28.0	14.7	11.1	1.60	3.5	11-02-84	916.5	134.6	2.2	3.37	18.11	0783
Thompson Med	TM	17.88	16.50	16.75	.13	.75	26.50	13.25	-.25	-.73	1.20	-36.91	1.65	.67 N	42.1	65.0	11.0	7.4	.40	2.4	09-11-84	149.4	16.5	3.2	.00	5.85	1183
Upjohn Co	UPJ	68.50	64.50	65.88	-1.13	-1.68	72.25	45.00	.72	.68	1.63	57.05	5.28	.68 N	13.6	2.0	8.1	11.6	2.56	3.9	10-01-84	1986.1	160.2	2.2	18.02	34.74	1283
Warner-Lambrt	WLA	35.75	33.38	33.38	-1.38	-3.96	36.75	27.75	.31	-.08	.01	-25.99	2.51	.49 N	21.4	1.0	6.5	12.0	1.48	4.4	11-02-84	3108.3	200.5	1.9	7.53	17.75	1283
Zenith Labs	ZENI	19.00	15.75	19.00	2.75	16.92	19.00	12.00	.14	3.40	6.67	16.62	.73	-.43 S	-45.2	56.0	7.8	36.5	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12	1283

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

POPAI Du Pont

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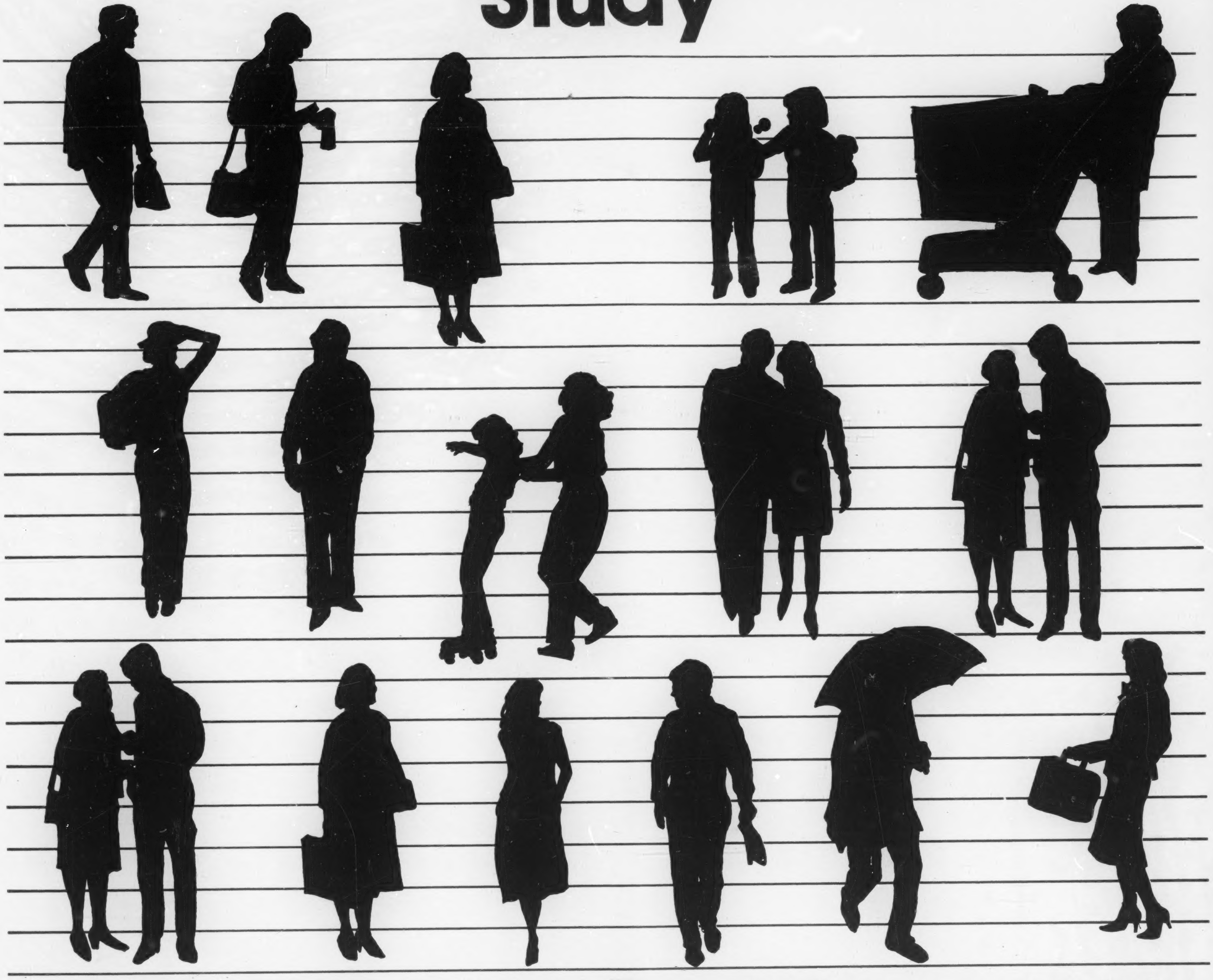

In-store decisions: How the retailer can cash in

In the early summer and late fall of 1983, the Point of Purchase Advertising Institute of Fort Lee, N.J., in conjunction with the Du Pont Company, sent researchers out to intercept consumers as they shopped in 258 drug stores located in 40 of the country's major metro markets.

In the course of their research, the POPAI representatives interviewed an unprecedented 12,131 consumers and recorded a total of 27,282 purchases.

The findings from these interviews, published in depth here for the first time, clearly show that the typical drug store shopper of the 80's is using his or her drug store as a place to make convenience purchases and that many of these purchases are initiated on the spur of the moment because of an attractive price, a high-traffic location, a pleasing display, a compelling sign or some other in-store variable.

With two exceptions (prescriptions and cosmetics), the products most frequently bought in drug stores are not high ticket items. They are the little treats that people tend to buy for themselves every day and on which they usually spend $1 or $2 or less.

Departments ranking the highest in frequencies of purchase are candy and gum, greeting cards, stationery, tobacco and food and beverages.

The common denominators of all of these categories, of course, are low price and high consumability. When a product is inexpensive, highly consumable, highly visible and well merchandised in a store, it is inevitably an incitor of impulse sales. For around a dollar or less, a shopper can pick up a candy bar or two, select a greeting card for a friend, buy a pack of cigarettes or treat themselves to a bag of chips and a can of soda.

These same forces, however, can't be counted on to spark purchases in the more traditional and nontraditional drug store categories like foot care or laxatives, barbecue items or jewelry.

Here a retailer can't usually count on a whim to spark a purchase. A shopper doesn't buy toothpaste or a laxative the way she buys a candy or a greeting card.

However the POPAI study does present evidence that price may be a factor in the incitement or nonincitement of these sales even though products like vitamins or cosmetics or antacids can't be considered in a ticket class with 50¢ candies and 75¢ greeting cards.

A shopper will yield to a candy bar or greeting card because it's something they decide they want right at the point that they notice it and it isn't going to cost them very much. But a shopper will yield to a vitamin or a laxative only a) if they know they're going to be able to use it, b) if the price is attractive and c) if the retailer has done something creative to draw attention to the category and its pricing.

Vitamins, for instance, are a pretty popular product in food stores. They're advertised frequently by food stores and most shoppers who buy vitamins know that the prices are good, they're competitive. You can see that many shoppers don't immediately think of drug stores when they think of buying vitamins because just 36% of all vitamin purchases in the POPAI survey were specifically planned.

To increase the incidence of purchase of this product line, the retailer has to do more to make the category attractive. One part of the equation is price.

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The other is merchandising. A good value can't be left to just sit on a shelf where just a handful of people who enter the store will spot it.

A good value has to be merchandised. The shopper has to be romanced into desiring it.

Again you can see that drug storesaren't doing much of a romancing job with vitamins, either because only 35% of the purchases were totally unplanned. The rest were generally planned or substituted.

If the drug store retailer, like the food retailer, was pricing this category competitively and calling attention to it with shelf talkers, displays and in-store signs like food stores do, their frequencies of impulse purchases would probably be much higher.

The same argument can be made for a drug store's nontraditional categories like clocks or toasters or designer fragrances or jewelry.

The store's advertising and merchandising has to reinforce the presence of the products in the store. The products have to be visible and easy to locate. The clerks have to be available to make selling suggestions and the products should be merchandised so they stand out.

In the case of jewelry because the impulse purchase rate is so high, the price-value relationship is apparently a good one for shoppers who can find the category, but the problem seems to be that the category is virtually invisible to most shoppers.

The study strongly suggests that if a drug store retailer wants to maximize his commitment to his jewelry inventory that he either beef up its presence and visibility in the store to increase its incidence of purchase; drop it from his mix altogether to concentrate on the departments like candy, greeting cards, cosmetics, etc., that seem to fulfill their volume and profit potential, or stock the product just on an in and out basis during the appropriate seasonal times of the year.

The POPAI study also holds some clues for identifying promotional and advertising opportunities. The purchase incidence charts per 100 shoppers in our section identify how popular a category is, how often it is shopped by the customers who regularly frequent a drug store.

The popular categories, obviously, are the ones that will build traffic when they are advertised. We know it is no news to retailers that candy is such a category. One recent Walgreens ad in Florida, gave candy products 21% of the space on the front page of a four-page circular. Food, another popularly purchased category, got 33% of the space excluding candies and beverages.

Candy, as our chart indicates, generates nearly 14 purchases for every 100 shoppers who come into a drug store; foods

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Highlights from the POPAI Du Pont Drug Store Shopper Study

- Some 6% of all shoppers who go into a drug store with a particular purchase in mind fail to buy anything.
- A total of 12% who go in for a specific product fail to buy the product they initially intended to purchase.
- Purchases are lost for two major reasons: The stores are out-of-stock or management fails to make the product easy to find or highly visible to the consumer.
- The 12,131 consumers interviewed in the POPAI survey purchased an average 2.27 items each.
- Fifty-seven per cent of the total 27,282 purchases were generated by a decision made within the store. This was either an unplanned sale or a substitute or a generally planned sale in which the customer knew on entering the store that he or she wanted a certain product, but hadn't decided on the brand.
- Just 39% of all purchases were totally unplanned.
- The average transaction was $7.26.
- Thirteen per cent of the 12,131 shoppers remembered seeing an ad for that particular store.
- Eleven per cent remembered seeing that store's circular.
- Seventy-eight per cent planned to shop that particular store.
- Longer shopping trips did not bring proportionately bigger purchase returns for retailers. For example, people who shopped 15 to 20 minutes averaged 1.12 purchases each. An additional 10 minutes spent in the store by other shoppers added .66 a purchase each. Another 10 minutes added only .33 of a purchase. The average time spent in the store was 13.6 minutes.
- Shoppers made an average of six trips a month to their drug stores.
- Shoppers spent an average of $43.56 per month within the drug store.

Traditional drug store categories ranked by share of total purchases

Category by rank	% share of all drug store purchases
1. Candy/gum	7.7%
2. Greeting cards	6.8
3. Stationery	6.3
4. Tobacco	6.2
5. Foods	6.0
6. Beverages	5.8
7. Hair care	5.5
8. Cosmetics	4.4
9. Prescriptions	4.2
10. Magazines/books	3.5
11. Paper products	3.5
12. Dental	3.3
13. Personal hygiene	3.3
14. Household cleaners	2.7
15. Houseware	2.3
16. Hardware	2.3
17. Skin/sun care	2.2
18. Cough/cold	2.1
19. Apparel	1.9
20. Feminine Hygiene	1.8
21. Analgesics	1.8
22. Baby needs	1.7
23. Photo	1.6
24. Shaving needs	1.3
25. Toys/sporting goods	1.3
26. First aid	1.2
27. Vitamins	1.2
28. Laxatives	1.0
29. Electrical appliances	1.0
30. Optical	0.9
31. Pet needs	0.8
32. Automotives	0.8
33. Fragrances	0.7
34. Gardening	0.6
35. Foot care	0.5
36. Other OTC's	0.5
37. Seasonals	0.4
38. Diet aids	0.3
39. Jewelry/leather goods	0.3
40. Barbecue	0.2
Total all categories	**100.0%**

Source: POPAI Du Pont Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
COSMETICS	**4.4%**	**100.0%**	**9.9**	**34.4%**	**14.2%**	**5.2%**	**1.7%**	**44.7%**	**66%**
Face makeup	1.3	29.0	2.9	39.0	11.1	4.5	1.4	44.0	61
Eye makeup	1.1	26.0	2.6	36.7	12.9	6.6	3.8	40.1	63
Nail products	1.6	37.0	3.7	30.0	17.7	5.5	0.7	46.2	70
Accessories	*	6.0	*	29.1	12.7	1.3	0.0	57.0	71

*Less than 0.1%
**Less than 0.1
—Not specified

How to use POPAI purchase frequency charts

On the following pages of this report, you'll find a purchase frequency chart for most of the 40 major categories and 300 subcategories analyzed in the POPAI-Du Pont survey. For purposes of explanation we'll use the cosmetics chart.

There are nine columns in the chart, each giving a piece of information that shows how well the category did in frequencies of purchase and how well the category performed in generating unplanned sales.

The first column simply summarizes how popular the category is in today's drug store. There were 27,282 purchases recorded in the POPAI survey, and this column in each chart lets you see the percentage share captured by the 40 major departments. Cosmetics, for instance, captured a 4.4% share.

The second column lets you see how the subcategories within that department did. Of all cosmetic sales, for example, 29% were generated by face makeup, 26% by eye makeup and 37% by nail products.

The third column, purchases per 100 shoppers, is a neat way of measuring sales against traffic, with 100 shoppers being a unit of traffic. This is the column that tells you what will draw best with good in-store merchandising.

The next five columns lets you get a fix on whether the consumer comes to your store with a specific purchase in mind or tends to buy on impulse either because of a whim or strong merchandising aids.

In cosmetics, for instance, only 34% of all sales are specifically planned, meaning the typical consumer knows coming into the store that she wanted a specific brand and type of makeup. Another 14% are generally planned, meaning the customer knows she wants a blush, but may mot be sure which brand or which shade.

Another 7% consist of substitute sales, meaning that the customer goes into the store with a particular purchase in mind, but somewhere along the line decides to substitute another brand or even another product. A new product or shade attractively displayed or a sharp price may be the factors.

A striking 45% of all cosmetic purchases in drug stores are completely unplanned, which shows how important it is to capture the imagination of the browsers.

The final column in our chart, the store decision index, shows the degree to which in-store variables such as displays, signing, good location or price have an impact on sales. In the case of cosmetics, 66% of all decisions are made after the shopper enters the store. That includes the 45% that are completely unplanned, plus the 21% that are either generally planned or brand and product substitutes.

A 66% in-store decision should signal to a retailer that highlighting and dramatizing the category will pay off in incremental sales, assuming, of course, that pricing is competitive.

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generate 13 purchases for every 100 shoppers in a store.

Most drug stores today need volume before they need anything, and these highly purchased incidence categories sport the products that can get that volume.

In the last few years, drug stores have been advertising prescriptions with growing frequency, and the POPAI chart confirms that this is a logical trend. Scripts generate nearly 10 purchases for every 100 shoppers.

Just recently some chains such as Walgreens have begun advertising greeting cards. Again POPAI's charts show the logic behind the trend: the greeting card department generates 15 purchases for every 100 shoppers and cards themselves spark 10 purchases per each 100 shoppers.

As the retailer goes through the category charts on the subsequent pages of this report, he should be looking for those high purchase incidence categories to help give his advertising and promotional programs added spark.

Readers should certainly look at the purchase per 100 shoppers column for candies, scripts, greeting cards, stationery, tobacco, foods, beverages, shampoos, hair dressings, cosmetics, paper goods, toothpaste and mouthwashes, soaps and deodorants, laundry and household cleaning implements, batteries and skin care, cough/cold remedies, analgesics—particularly internal analgesics,—baby supplies, film, shaving products, toys, first aid, vitamins, antacids, automotives and fragrances.

Readers should also look carefully at the columns marked unplanned purchases and store decision rates because the percentage numbers here hold several clues to how well a drug store is doing in motivating incremental sales among shoppers already in the store.

Just as the purchase per 100 shoppers charts offer clues to products to advertise to bring shoppers into the store, the unplanned purchase and store decision columns offer clues as to how to coax multiple purchases out of consumers already in the store.

As we said before the jewelry/leather goods department may be a neglected opportunity within today's drug stores. So may seasonals and toys and gardening.

The POPAI study definitely suggests that there is almost an unbounded opportunity for the average drug store to improve sales through stronger merchandising. Out of 27,282 purchases, just 43% were specifically planned by the consumer, meaning that in just four out of every 10 purchases did the consumer plan to buy that item before they entered the drug store.

The other six out of 10 sales came from merchandising aids visible in the store. In cases where consumers in the POPAI study rated particular stores "high" on merchandising excitement, dollar volumes for those stores were 15% to 20% higher than for stores rated average in merchandising pizazz.

In 6% of the cases where a consumer had a particular planned purchase in mind, and that particular product was not available in the store or was too hard to find or too high priced, they left the store without making any purchase.

In an industry where the average drug store does less than $1 million a year and where food and discount stores are eagerly vying for drug store customers, no one can afford those missed opportunities.

"It's unfortunately true," says Howard Stumpf, president of POPAI, "that if the point-of-purchase materials in the store don't leap out at the shopper, if they don't get them to the point when they're cruising the store, then the chances are that the retailer will miss the sale. Food stores know this, and that's why you see so much merchandising activity in the aisles and on the ends."

The POPAI Du Pont Drug Store Shopper Study was implemented in the early summer and late fall of 1983.

Point of Purchase Advertising Institute researchers, working with a methodology developed by the Wilmington, Del.-based Du Pont company back in the early 1930's, arranged to monitor shopper purchases in a total of 258 drug and mass-merchandiser stores with pharmacy services in 40 major metro markets.

Through the cooperation of the National Association of Chain Drug Stores and the National Association of Retail Druggists, POPAI arranged to have both chains and high volume indpendents included in the study. Among the chains which participated were Walgreens, Eckerd, Genovese, Thrifty, CVS, SupeRx, Pathmark and Sentry. Over 200 stores in the survey were chains; the rest were independents and mass-merchandisers.

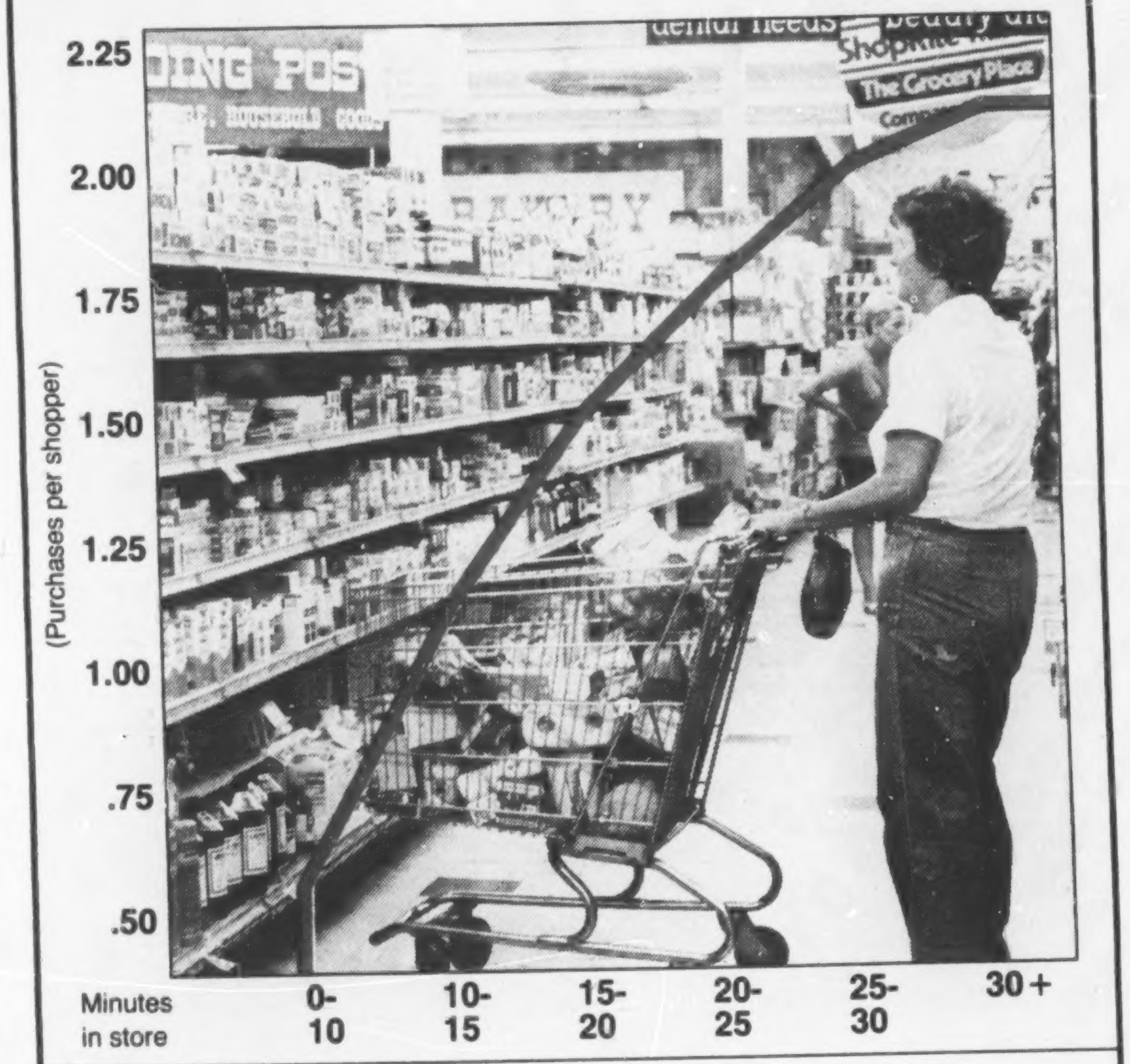
With the permission of the participating chains and owners, the researchers approached shoppers as they entered the stores and asked them a series of demographic and promotional questions including what they planned to buy and whether they planned to make the purchase because of an ad, a coupon or a store circular.

A total of 12,131 consumers were interviewed over the course of the survey. As each shopper completed a shopping trip and checked out, the POPAI reseachers recorded what they had actually purchased. They also noted whether it was a planned purchase, unplanned, a substitute and whether it was associated with a coupon, an ad or a store circular.

POPAI had done a similar study of supermarket store shoppers back in 1978, and is now planning to do a follow up study in 1986 or 1987.

The drug store survey, which cost $400,000, was supported in part by contributions from major brand manufacturers. POPAI's own membership shouldered about half the cost.

Shopping time vs. purchases: Diminishing returns



Source: POPAI-Du Pont Drug Store Shoppers Study

Categories most affected by in-store decision making

Category by rank	% of shoppers making purchase decisions in store	Category's rank in total store purchases
1. Jewelry	83	39
2. Greeting cards	82	2
3. Seasonals	82	37
4. Candy/gum	75	1
5. Stationery	73	3
6. Toys	69	25
7. Housewares	69	15
8. Gardening	69	34
9. Cosmetics	66	8
10. Fragrances	65	33
11. Pet needs	65	31
12. Foods	64	5
13. First aid	63	26
14. Hardware	63	16
15. Vitamins	62	27
16. Household cleaners	61	14
17. Paper products	61	11
18. Automotives	59	32
19. Feminine hygiene	58	30
20. Personal hygiene	58	13
21. Shaving needs	58	24
22. Apparel	58	19
23. Hair care	57	7
24. Barbecue	56	40
25. Electrical appliances	55	29
26. Magazines/books	54	10
27. Other OTC's	54	36
28. Skin/sun care	54	17
29. Foot care	54	35
30. Dental	53	12
31. Cough/cold	52	188
32. Optical	51	30
33. Beverages	48	6
34. Diet Aids	48	38
35. Baby needs	47	22
36. Analgesics	39	21
37. Laxatives	39	28
38. Photo	39	23
39. Tobacco	31	4
40. Prescriptions	25	9

Source: POPAI Du Pont Drug Store Shopper Study

Most popularly shopped drug store categories

Categories by rank	No. of purchases per 100 shoppers	% purchase decisions made in the store
1. Candy/gum	17.1	75
2. Greeting cards	15.1	82
3. Stationery	13.9	73
4. Tobacco	13.7	31
5. Foods	13.2	64
6. Beverages	12.9	48
7. Hair care	12.3	57
8. Cosmetics	9.9	66
9. Prescriptions	9.5	2
10. Magazines/books	8.0	54
11. Paper products	7.8	61
12. Dental	7.3	53
13. Personal hygiene	7.3	58
14. Household cleaners	5.9	61
15. Housewares	5.1	69
16. Hardware	5.1	63
17. Skin/sun care	5.0	54
18. Cough/cold	4.8	52
19. Apparel	4.3	58
20. Feminine Hygiene	4.0	58
21. Analgesics	3.9	39
22. Baby needs	4.0	47
23. Photo	3.5	39
24. Shaving needs	2.9	58
25. Toys/sporting goods	2.9	69
26. First aid	2.7	63
27. Vitamins	2.7	62
28. Laxatives	2.2	39
29. Electrical appliances	2.2	55
30. Optical	2.0	51
31. Pet needs	1.8	65
32. Automotives	1.8	59
33. Fragrances	1.7	65
34. Gardening	1.2	69
35. Foot care	1.1	54
36. Other OTC's	1.0	54
37. Seasonals	1.0	82
38. Diet aids	0.8	48
39. Jewelry/leather goods	0.6	83
40. Barbecue	0.5	56

Source: POPAI Du Pont Drug Store Shopper Study

POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
COSMETICS	**4.4%**	**100.0%**	**9.9**	**34.4%**	**14.2%**	**5.2%**	**1.7%**	**44.7%**	**66%**
Face makeup	1.3	29.0	2.9	39.0	11.1	4.5	1.4	44.0	61
Eye makeup	1.1	26.0	2.6	36.7	12.9	6.6	3.8	40.1	63
Nail products	1.6	37.0	3.7	30.0	17.7	5.5	0.7	46.2	70
Accessories	*	6.0	*	29.1	12.7	1.3	0.0	57.0	71
FRAGRANCES	**0.7%**	**100.0%**	**1.7**	**34.8%**	**13.0%**	**2.9%**	**2.4%**	**46.9%**	**65%**
Women's fragrances	*	64.7	1.1	34.1	13.6	3.0	2.3	47.0	66
Men's fragrances	*	35.2	0.6	36.5	10.8	2.7	2.7	47.3	64
HAIR CARE	**5.5%**	**100.0%**	**12.3**	**43.2%**	**15.0%**	**6.6%**	**1.1%**	**34.1%**	**56.8%**
Shampoo	2.0	30.1	3.7	51.3	12.9	7.3	0.7	27.8	48.7
Hair dressing	3.0	54.0	6.6	44.7	12.2	7.2	1.3	34.6	55.3
Other hair care products	0.9	2.1		24.1	27.7	3.6	1.2	43.5	75.9
PERSONAL HYGIENE	**3.3%**	**100%**	**7.3**	**42.3%**	**10.1%**	**3.7%**	**1.1%**	**42.7%**	**57.7%**
Bath soaps	1.4	44	3.2	43.1	5.7	3.7	1.3	46.2	56.9
Deodorants/antiperspirants	1.3	40	2.9	49.7	10.3	4.2	0.3	35.6	50.3
Personal hygiene appliances	—	—	—	50.0	—	—	—	50.0	50.0
Cotton balls			0.7	24.7	25.9	2.5	3.7	43.2	75.3
Bath accessories			0.4	18.8	16.7	4.1	2.1	58.3	81.2
Personal hygiene accessories			0.1	13.3	13.3	—	—	73.3	86.7
SKIN CARE/SUN CARE	**2.2%**	**100%**	**5.0**	**46.3%**	**7.6%**	**3.7%**	**1.6%**	**40.9%**	**53.7%**
Skin care	2.0	92	4.6	47.2	6.6	2.9	1.6	41.7	52.8
Sun care	0.2	8	0.4	35.4	18.8	12.5	2.1	31.3	64.6
SHAVING PRODUCTS	**1.3%**	**100.0%**	**2.9**	**42.3%**	**12.5%**	**7.7%**	**2.6%**	**35.0%**	**57.7%**
Shaving accessories	0.8	65.0	1.9	40.9	11.5	8.9	2.6	36.2	59.2
Shaving preparations	0.4	34.0	1.0	45.3	14.5	5.1	2.6	32.5	54.7

*Less than 0.1%
**Less than 0.1
—Not specified

Cosmetics

With mass merchandisers and food stores quickly gaining market share in the cosmetics category, drug chains are finding that promotions, particularly circulars and newspaper ads, are effective methods of protecting their lion's share.

Drug chains have been aggressively touting their broad selection of cosmetics, department store line of fragrances and even their trained cosmeticians in circulars and ads. According to the POPAI Du Pont study these promotions are having the desired effect with consumers using circulars in between 10% and 22% of their cosmetics and fragrance purchases.

These circulars are particularly influencial because many cosmetics are purchased on impulse and because there is a high level of in-store decisions. According to POPAI, women buying cosmetics made in-store decisions 66% of the time. Of these purchases, almost 45% were made completely on impulse.

The impact of circulars clearly can be seen in nail products, which make up 37% of the cosmetics category. According to POPAI, circulars were used in 15% of all nail polish sales and 17% of nail enamel remover sales. These figures are noteworthy considering that 70% of all nail product purchases are decided in store and that more than 46% of these are impulse sales. Only 30% of nail product purchases are specifically planned and about 18% are generally planned.

Face makeup, the second largest cosmetics subgroup, was also frequently purchased with circulars. For example, consumers used circulars in 12% of their lipstick and lipgloss purchase decisions. Newspaper ads were remembered in 11% of the purchases. The POPAI study showed that 61% of the make-up purchases were based on in-store decisions, and 44% of these were impulse

The trend was repeated in eye make-up, where consumers used circulars in 17% of their mascara purchases and 11% of their purchases of eyebrow pencils, eye liners and false lashes. Newspaper ads were remembered in 13% of the mascara purchases.

Hair care

In the hair care category, which is constantly flooded with new entries and in which there is little brand loyalty, promotions make a big difference in what shoppers buy.

Advertising is particularly important in this category because the availability of co-op dollars and the amount of national exposure can influence retailers' decisions on which new brands they carry and how much space they devote to them.

In the POPAI Du Pont study, the impact of promotion can be seen across the board in the hair care category, with store circulars, coupons and newspaper ads having a high degree of influence on shoppers.

In the shampoo category, for example, newspapers, store circulars and coupons had an impact on 35% of the purchases (newspaper ad recall 15%, instore circular 15% and coupon 5%).

A similar trend was found in hair dressing. Of all the hair sprays purchased, promotions came into play 37% of the time (recalled a newspaper ad 16%, used circular 13% and used coupon 8%).

Baby

The logic of shaving margins on high-demand baby products like diapers and formulas in order to encourage sales of higher-profit categories like baby clothing, toys, rattles and pacifiers is borne out by the findings of the POPAI Du Pont study.

The findings show a high degree of impulse for the accessory products and a high degree of preplanning for the diapers and formulas.

In fact, almost 8 out of 10 shoppers who purchased diapers or formulas came to the store specifically planning to buy those products.

In contrast, 7 out of 10 shoppers decided to buy a particular item of baby clothing or a toy only after entering the store.

Their decisions, in other words, were triggered by something in the store—in most cases, probably just the proximity of the baby accessory products to the already planned diapers or formulas.

Other baby need products that had a higher degree of instore decision making included cotton swabs (64%), baby wipes (69%), oils and lotions (56%) and powder (58%).

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
FEMININE HYGIENE/ CONTRACEPTIVES	**1.8%**	**100.0%**	**4.0**	**42.15%**	**5.58%**	**6.82%**	**1.65%**	**43.80%**	**57.85%**
Feminine hygiene	1.6	92.0	3.7	41.33	6.00	7.11	1.56	44.00	58.67
Contraceptives	0.1	7.5	0.3	52.94	—	2.94	2.94	41.18	47.06
BABY NEEDS	**1.7%**	**100.0%**	**4.0**	**52.5%**	**8.2%**	**6.5%**	**—**	**32.8%**	**47.5%**
Supplies & equipment	0.9	55.0	2.2	57.1	9.0	7.8	—	26.1	42.9
Medicaments	0.2	15.0	0.6	43.2	10.8	9.5	—	36.5	56.8
Formulas	**	.01	0.4	78.0	2.0	4.0	—	16.0	22.0
Baby toys/rattles/pacifiers	0.2	12.0	0.5	30.7	8.1	1.6	—	59.7	69.4
Baby clothing	0.08	5.0	0.2	31.8	4.6	—	—	63.6	68.2

*Less than 0.1%
**Less than 0.1
—Not specified

POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
ANALGESICS	**1.8%**	**100.0%**	**3.9**	**61.5%**	**6.0%**	**5.2%**	**2.3%**	**25.0%**	**39%**
External analgesics	*	7.7	0.3	51.4	8.1	5.4	2.7	32.4	49
Internal analgesics	1.6	92.3	3.6	62.4	5.9	5.2	2.3	24.2	38
Aspirin compounds	*	48.7	1.9	60.8	7.3	6.5	1.7	23.8	39
Nonaspirin	*	35.9	1.4	64.7	3.5	2.9	3.5	25.4	35
COUGH/COLD REMEDIES	**2.1%**	**100.0%**	**4.8**	**47.4%**	**12.1%**	**6.2%**	**2.7%**	**31.3%**	**52%**
Cough drops/lozenges/gum	*	27.0	1.3	31.3	9.8	4.3	4.3	50.3	69
Cold/sinus/allergy remedies	*	39.0	1.9	55.8	15.2	7.8	1.7	19.5	44
Cough syrups/other liquids	*	18.7	0.9	47.8	10.6	7.1	2.7	31.9	52
Nasal sprays/drops	*	8.3	*	50.9	9.4	5.7	3.8	30.2	49
FIRST AID/HOME HEALTH CARE	**1.2%**	**100.0%**	**2.7**	**36.9%**	**26.0%**	**5.4%**	**1.2%**	**30.5%**	**63%**
OPTICAL	**0.9%**	**100.0%**	**2.0**	**49.8%**	**19.1%**	**8.7%**	**0.8%**	**21.6%**	**50%**
Contact lens solutions	*	*	*	55.0	14.5	13.0	0.8	16.8	45
Eye lotions/washes	*	*	*	56.9	11.8	3.9	0.0	27.5	43
Sunglasses	*	*	*	19.4	45.2	6.5	0.0	29.0	81
PRESCRIPTIONS	**4.2%**	**100.0%**	**9.5**	**97.5%**	—	—	—	**2.5%**	**2.5%**
LAXATIVES & DIGESTIVE AIDS	**1.0%**	**100.0%**	**2.2**	**60.5%**	**4.1%**	**2.6%**	**0.7%**	**32.1%**	**39%**
Laxatives	*	27.0	0.6	60.8	5.4	2.7	0.0	31.1	39
Antacids	*	68.2	1.5	60.7	7.3	2.8	0.6	33.7	39
DIET AIDS	**0.3%**	**100.0%**	**0.8**	**52.5%**	**4.0%**	**3.0%**	**2.0%**	**38.6%**	**48%**
Powder/liquid protein	*	13	0.1	53.9	0.0	0.0	7.7	38.5	46
Reducing preps	*	50	0.4	44.0	6.0	4.0	2.0	44.0	56
Synthetic sweeteners	*	37	0.3	62.2	2.7	2.7	0.0	32.4	38
FOOT CARE	**0.5%**	**100.0%**	**1.1**	**46.8%**	**8.0%**	**2.9%**	**1.5%**	**41.3%**	**54%**
VITAMINS/SUPPLEMENTS	**1.2%**	**100%**	**2.7**	**38.0%**	**19.3%**	**4.6%**	**2.2%**	**35.9%**	**62%**
Vitamins	1.0	85	2.3	36.4	20.4	5.3	2.1	35.7	64
Minerals	*	11	*	47.4	13.2	0.0	2.6	36.8	53

*Less than 0.1%
**Less than 0.1
—Not specified

Analgesics

When it comes to analgesics, most drug store shoppers know what they want and make sure they get it.

According to the POPAI Du Pont shopper study, more than 6 out of 10 analgesic purchases were specifically planned, while only 25% were made on impulse.

The study also showed that coupon use is relatively high in the analgesic category, especially for aspirin compounds (11% of the purchases involved a coupon) and non-aspirin products (13%). In addition, in 19% of the aspirin and 15% of the non-aspirin purchases, shoppers relied on a store circular. Newspapers also came into play in aspirin purchases (22% recalled seeing an ad for the product) and non-aspirin purchases (16%).

More than 9 out of 10 (92.3%) of the aspirin purchases were for internal products; the rest, for external. Aspirin products claimed a 49% share of the total category and non-aspirin items 36%.

Dental

While 6 out of 10 toothpaste purchases (57%) are specifically planned, according to the POPAI Du Pont study, the category is highly influenced by promotional activity.

The study showed that consumers recalled newspaper ads for 22% of their toothpaste purchases, used an in-store circular for another 17% and turned in a coupon for 11%. That adds up to a total promotional influence factor of 50%.

That's important because the total dental products category generates a healthy 7.3 purchases per 100 shoppers, indicating that it's a better traffic draw than most other categories.

Moreover, a toothpaste purchase is often the trigger for companion sales of other dental products that are more susceptible to impulse than toothpaste, according to the study. For example, sales of mouthwashes/breath fresheners were specifically planned by 4 of 10 shoppers and brushes/floss by only 3 of 10 shoppers.

The impact of promotions was also evident in mouthwash sales. For example, consumers recalled a newspaper ad for 14% of the mouthwash purchases, used an in-store circular for 14% and handed in a coupon for 12%.

Cough

Since cold, sinus and allergy remedies are among the most heavily promoted drug store items, it stands to reason that they were the top subgroup in the cough/cold category, with 39% of sales.

The POPAI Du Pont study also confirmed that most shoppers buy cold remedies on an as-needed basis. It found that over 70% of those purchases were either specifically or generally planned, and only 19% were bought entirely on impulse.

Once inside the store, however, shoppers changed their minds and bought a different brand or product about 10% of the time.

As expected, cough drops, lozenges and gum purchases were made primarily on impulse, with more than half choosing to buy such a product without any plan in mind before entering the store. Only 31% of those purchases were specifically planned.

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
OTHER OTC'S	**0.50%**	**100.0%**	**1.0**	**46.21%**	**16.67%**	**5.30%**	**2.27%**	**29.55%**	**53.79%**
Hemorrhoidal preps	0.10	0.2	0.2	54.55	4.55	4.55	—	36.36	45.45
Motion sickness preps	—	—	—	83.33	—	—	—	16.67	16.67
Hydrocortisones/anti-itch preps	0.10	0.2	0.2	24.00	32.00	20.00	8.00	16.00	76.00
Sleeping aids	**	0.1	0.1	46.15	23.08	—	—	30.77	53.85
Ointments, salves & lubricants	0.15	0.3	0.3	52.94	17.65	—	2.94	26.47	47.06
Antinausea preps	—	—	—	50.00	50.00	—	—	—	50.00
Stimulants	—	—	—	25.00	—	—	—	75.00	75.00
Medication/N-S/other	0.1	0.2	0.2	46.15	11.54	3.85	—	38.46	53.85
DENTAL PRODUCTS	**3.3%**	**100.0%**	**7.3**	**47.5%**	**7.7%**	**5.5%**	**0.8%**	**38.6%**	**53%**
Toothpaste/powder	1.6	48.0	3.5	57.4	3.9	7.2	0.5	31.0	43
Mouthwash/fresheners	*	23.0	1.7	39.5	2.9	3.4	0.5	53.7	60
Brushes/floss	*	19.0	1.4	30.8	18.9	3.6	1.2	45.6	69
Denture care	*	8.2	*	52.2	11.6	5.8	1.5	29.0	48

*Less then 0.1%
**Less than 0.1
—Not specified

POPAI Du Pont

Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
HOUSEWARES	**2.3%**	**100.0%**	**5.1**	**31.1%**	**16.8%**	**1.3%**	**0.8%**	**50.1%**	**68.9%**
Glass/dishware/cookware	0.3	13.7	0.7	26.7	21.1	1.1	2.2	48.9	73.3
Mops, brooms, brushes	0.1	3.9	0.2	28.6	9.5	—	—	61.9	71.4
Trash cans	—	—	—	33.3	11.1	—	—	55.6	66.7
Towels & washcloths	0.1	3.9	0.2	16.1	16.1	—	—	67.7	83.9
Kitchen gadgets & utensils	0.5	22.0	1.1	26.4	13.2	—	1.6	58.9	73.6
Shoe polish/shoe care	0.1	5.9	0.3	31.4	20.0	—	—	48.6	68.6
Mirrors	0.1	3.9	0.2	25.0	25.0	—	—	50.0	75.0
Furniture/shelving stands	*	2.0	0.1	36.4	18.3	—	9.1	36.4	63.6
Yarn/sewing notions	0.3	13.7	0.7	37.8	12.2	4.9	—	45.1	62.2
Scales	—	—	—	50.0	—	—	—	50.0	50.0
Baskets	—	—	—	37.5	—	—	—	62.5	62.5
Hampers	0.1	3.9	0.2	53.3	16.7	—	—	30.0	46.7
Vacuum cleaners, equip. supplies	*	2.0	0.1	50.0	7.1	14.3	—	28.6	50.0
Other	0.5	23.0	1.2	30.8	21.7	0.7	—	46.9	69.2

*Less than 0.1%
**Less than 0.1
—Not specified

Housewares

Drug retailers who have placed a greater emphasis on housewares and household chemicals can take heart from the POPAI Du Pont Drug Store Shopper Study findings that placed both categories in the top 15 in terms of percentage share of all drug store purchases.

The housewares category—including glass/dishware/cookware; mops, brooms and brushes; kitchen gadgets and utensils, and yarn/sewing notions—produced 5.1 purchases for every 100 shoppers.

Pacing the category were kitchen gadgets, which accounted for 22% of the category purchase, glassware/dishware/cookware—13.7%, and yarn/sewing notions—13.7%.

Despite the houseware category's relatively strong showing, consumers rarely form the decision to purchase a housewares product before entering the store. Only 31% of the purchases were specifically planned. Moreover, the store decision index, which tracks the incidence of consumers making or altering purchasing decisions in the store, was 68.9%.

Of those purchases that were specifically planned, a significant percentage were influenced by either newspaper ads or store circulars.

As in the case of the housewares category, the study revealed a high level of impulse purchases in the household cleaning aids category. Only 38.5% of the purchases in this category were specifically planned.

Among the category leaders with the highest degree of impulse purchases were kitchen/bathroom products, laundry products and air fresheners/deodorizers. The highest incidence of impulse purchases were recorded in the air freshener/deodorizer category, which were unplanned in 63% of the cases.

More than other categories, the paper goods category is heavily influenced by advertising and promotion.

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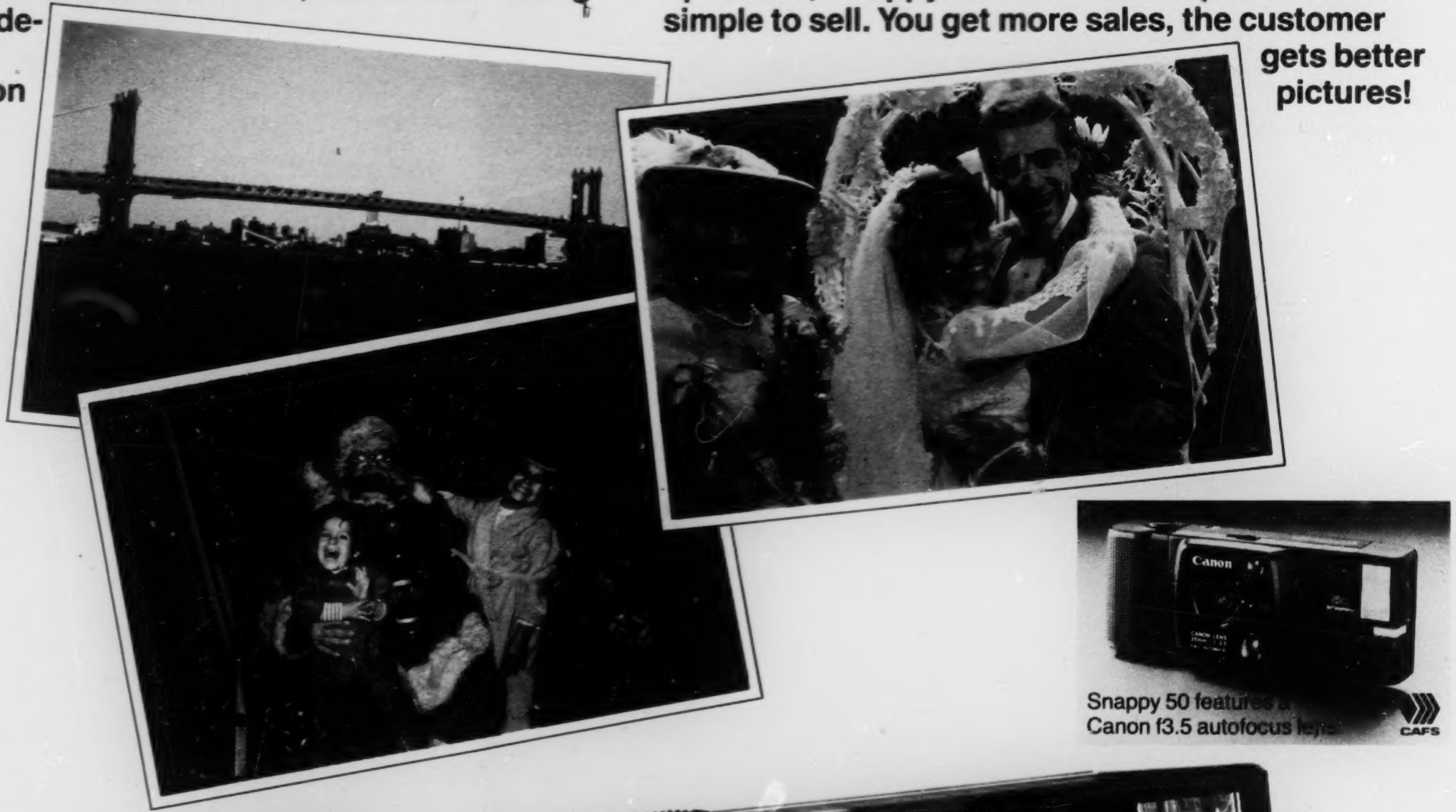

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POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
PHOTO PRODUCTS	**1.6%**	**100.0%**	**3.5**	**60.7%**	**10.2%**	**3.3%**	**0.9%**	**24.9%**	**39.3%**
Film	0.8	51.0	1.8	72.9	4.1	4.5	0.9	17.7	27.2
Photo finishing	0.4	23.0	0.8	77.3	7.2	1.0	1.0	13.4	22.7
Flash supplies	0.1	8.5	0.3	39.4	9.1	6.1	—	45.5	60.6
Cameras	—	—	—	25.0	25.0	25.0	—	25.0	75.0
Other photo equipment/accessories	0.3	17.0	0.6	14.7	32.0	—	1.3	52.0	85.3
TOYS/SPORTING GOODS	**1.3%**	**100.0%**	**2.9**	**30.9%**	**13.9%**	**1.1%**	**1.1%**	**53.0%**	**69.1%**
Sporting goods	0.1	10.3	0.3	15.6	37.5	—	—	46.9	84.4
Toys	0.1	90	2.6	32.0	11.6	1.3	1.3	53.9	68.0

*Less than 0.1%
**Less than 0.1
—Not specified

Photo

When a consumer purchases an item in the photo department of a drug store, more often than not that store visit and subsequent purchase was planned in advance.

According to the POPAI Du Pont study 3.5 purchases were made in a drug store photo department for every 100 shoppers, which represents a 1.6% share of total purchases.

Unlike many other traditional drug store categories, consumers shop a drug store photo department with a specific purchase in mind. The study revealed that the store decision index, a measurement of the incidence of consumers making or altering a purchasing decision in a store, was a low 39% in cases where photo purchases were made.

Not surprising, photo processing is one area of the drug store photo department where consumers have, in large part, already decided to make the purchase. Of the photo-finishing purchases made, the percentage of consumers who specifically planned to drop a roll of film off for processing was 77.3%. Only 13.4% of the purchases were unplanned.

The POPAI study did reveal, however, that flash supplies and photo accessories and equipment are frequently impulse purchases.

Toys

Eye-catching toy and sporting goods displays can have a significant impact on consumer purchases, which are generally unplanned in this category.

According to the POPAI Du Pont study, 53% of the toy and sporting goods purchases were unplanned. Moreover, the category registered a store decision index of nearly 70%, indicating a strong tendency on the part of the consumer to make or alter buying decisions in the store.

While toys are generally accepted as impulse items, the study revealed a surprising number of specifically planned purchases in this category as well. Of all toys purchased, the study found that 32% were specifically planned, 11.6% were generally planned and nearly 54% were unplanned.

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POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
TOBACCO PRODUCTS/ ACCESSORIES	**6.2%**	**100.0%**	**13.9**	**68.8%**	**1.3%**	**2.6%**	**1.0%**	**26.3%**	**31%**
Cigars/cigarettes/tobacco	5.7	92.0	12.8	71.6	0.8	2.4	1.0	24.2	28
Cigarettes	5.0	81.0	11.3	71.5	0.4	2.2	1.0	25.0	28
Cigars	*	7.0	0.9	69.9	4.4	4.4	0.9	20.4	30
Tobacco, snuff, chewing tobacco	*	3.0	0.4	74.5	6.4	4.3	2.1	12.8	26
Pipe tobacco	*	1.0	0.2	78.3	0.0	4.4	0.0	17.4	22
SMOKING ACCESSORIES	*	8.0	1.1	35.2	6.3	4.7	1.6	52.3	65

*Less than 0.1%
**Less than 0.1
—Not specified

Tobacco

Rarely do so many consumers enter a drug store knowing exactly what they want to purchase as in the case of tobacco products.

Tobacco products generated nearly 14 purchases for every 100 consumers, according to the POPAI Du Pont Drug Store Shopper Study. Only candy/gum, stationery and greeting cards had a better track record than tabacco in terms of the number of purchases.

And while a category such as candy/gum requires special merchandising techniques to snare the impulse buyer, drug retailers need only put the tobacco product out where the consumer can easily purchase the product, and the store will ring up the sale.

Cigarettes delivered the highest number of purchases for every 100 shoppers by a wide margin in the tabacco products category. For every 100 consumer purchases made in a drug store, 11 cigarette purchases were realized. Moreover, more than 70% of those purchases were specifically planned.

The key to selling tobacco in drug stores, it would seem, is to make the department easily recognizable and to provide consumers with the ability to purchase a pack of cigarettes as quickly as possible.

While few consumer purchases of cigarettes and cigars are unplanned, there is a high degree of impulse sales with respect to tobacco accessories, the POPAI study revealed.

The incidence of unplanned purchases with items such as lighters and pipe accessories was well over 50%.

Newspaper ads, store circulars and coupons also had more of an impact in the tobacco accessories category than with items such as pipe tobacco, cigarettes and cigars.

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
CARDS/SPECIAL OCCASION/ NOVELTIES/LOTTERY	**6.8%**	**100.0%**	**15.1**	**17.57%**	**41.46%**	**1.19%**	**0.76%**	**39.03%**	**82.43%**
Greeting cards	4.3	63.6	9.6	16.64	47.24	1.21	0.78	34.14	83.36
Gift wrap materials	1.6	23.2	3.5	8.90	50.00	1.40	0.50	49.20	91.10
Party supplies	0.1	2.0	0.3	27.50	20.00	—	2.50	50.00	72.50
Candles	0.3	4.0	0.6	12.70	31.65	1.27	1.27	53.16	87.34
Novelties	0.3	4.0	0.6	27.03	12.16	1.35	1.35	58.11	72.97
Stamps	0.1	2.0	0.3	76.47	17.65	—	—	5.88	23.53
Lottery tickets	0.5	0.7	0.1	52.94	—	—	—	47.06	47.06
Money orders	0.5	0.7	0.1	92.86	—	—	—	7.14	7.14
STATIONERY/SCHOOL & OFFICE	**6.3%**	**100%**	**13.9**	**26.6%**	**26.2%**	**1.8%**	**1.2%**	**44.2%**	**73.4%**
Writing implements	1.3	20	2.8	26.9	25.4	2.1	0.6	45.1	73.1
Writing paper	2.4	39	5.4	28.2	26.7	1.8	1.8	41.5	71.8
Art supplies	0.1	2	0.4	47.9	16.7	—	2.1	33.3	52.1
Other school & off. suppl.	2.4	39	5.5	23.3	26.8	1.7	0.9	47.3	76.7
MAGAZINES/BOOKS	**3.5%**	**100%**	**8.0**	**46.1%**	**7.2%**	**2.6%**	**0.4%**	**43.7%**	**53.9%**
Magazines	1.4	41	3.3	30.8	9.7	4.2	0.7	54.6	69.2
Newspapers	1.2	35	2.8	74.1	1.2	1.2	—	23.6	26.0
Children's books/coloring books	0.3	9	0.7	32.5	12.5	1.3	1.3	52.5	67.5
Paperbacks	0.4	14	1.1	29.9	12.4	1.5	—	56.2	70.1
Hard-cover books	—	—	—	20.0	—	20.0	—	60.0	80.0

*Less than 0.1%
**Less than 0.1
—Not specified

Stationery

Efforts by drug retailers to expand greeting cards and stationery presentations paid dividends as both categories placed second and third, respectively, in the percentage share of all drug store purchases, according to the POPAI Du Pont study.

The greeting cards category—defined as cards, special-occasion items, novelties and lottery tickets—generated 15.1 purchases for every 100 drug store shoppers. That translated to a 6.8% share of total purchases, second only to candy/gum, which posted a 7.7% share of total purchases.

Stationery, which the POPAI Du Pont study described as including stationery, school and office supplies, accounted for 13.9 purchases for every 100 shoppers. Overall, the stationery category represented a 6.3% share of total purchases.

Books and magazines, a related category, also turned in a strong performance, placing 10th in the category list of percentage share of all purchases with a 3.5% of total purchases. A total of eight purchases of books and magazines were made for every 100 shoppers in drug stores.

A closer look at the greeting cards and stationery categories revealed that the purchases were either generally or specifically planned in more than 50% of the cases.

Overall, the purchases made from greeting cards departments were either generally planned or specifically planned in nearly [illegible]5% of the cases. This high degree of planned purchases in the greeting cards category supports the recent moves by many drug chains to relocate departments to the front end of the store, thus making it easier for customers to locate the department and get in and out of the store as quickly as possible.

Similarly, peripheral greeting card categories such as gift wraps and party supplies also followed a pattern of planned purchases, although the incidence of impulse purchases of these items was considerably higher. Other items that are generally merchandised along with greeting cards such as candles and novelties are for the most part impulse items. Of the purchases of candles and novelties, 53% and 58%, respectively, were unplanned.

In addition to greeting cards, many drug retailers have attempted to increase the visibility of their stationery, school and home office sections. And, as in the case of greeting cards, retailers have largely been rewarded by their moves.

By expanding the stationery department and upgrading the overall merchandise mix, retailers have been able to take advantage of the generally planned purchasing patterns of consumers who buy items such as writing instruments and writing paper and home office supplies.

The POPAI Du Pont study revealed that of the purchases of writing implements, which accounted for 20% of the total category purchases, nearly 53% of the consumers had either generally planned or specifically planned to make the purchase.

Of the purchases in the writing paper segment, which includes writing tablets, pads, boxed stationery, typing paper and envelopes, approximately 55% of the purchases were either specifically or generally planned.

The findings from the POPAI study also indicate that sales in the stationery category are significantly influenced by advertising and promotion. In 36% of the cases where a writing paper product was purchased, consumers reported that they either recalled a newspaper ad or used a store circular. And in an average of 46% of the cases where a writing instrument was purchased, consumers who were surveyed said they recalled a newspaper ad or used a store circular.

With the exception of newspapers, which are usually planned purchases, the books and magazines category generally follows a pattern of impulse purchases. Of the magazines purchased, 54.6% were completely unplanned.

POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
CANDY/GUM	**7.7%**	**100%**	**17.1**	**24.6%**	**7.9%**	**2.2%**	**1.6%**	**63.8%**	**75.4%**
CANDY	6.0	79	13.6	24.0	8.3	2.1	1.2	64.4	76.0
Bars/small boxes	—	51	8.7	24.7	8.1	2.3	1.1	63.8	75.4
Hard roll candy	—	5	0.9	23.2	3.7	3.7	0.9	68.5	76.9
Bagged candy	—	11	1.9	24.2	8.7	2.2	1.3	63.6	75.8
Bagged bars	—	*	**	37.5	12.5	6.3	0.0	43.8	62.5
Boxed candy	—	*	**	31.3	10.5	1.5	0.0	56.7	68.7
Seasonal	—	*	**	14.6	12.2	0.0	0.0	73.2	85.4
Other/N.S.	—	*	**	16.7	10.6	0.0	2.3	70.5	83.3
CHEWING GUM	1.7	21	3.7	26.6	6.1	2.7	3.2	61.4	73.4
Regular	—	10	1.7	30.1	4.8	3.8	1.9	59.3	69.9
Sugarless	—	5	0.8	26.0	5.2	1.0	0.0	67.7	74.0
Bubble gum	—	6	1.0	20.8	9.2	2.3	7.7	60.0	79.2
Sugarless bubble	—	*	**	37.5	0.0	0.0	0.0	62.5	62.5
FOODS	**6.0%**	**100.0%**	**13.2**	**36.26%**	**10.13%**	**2.01%**	**1.16%**	**50.43%**	**63.74%**
Snack Foods	8.5	51.0	6.7	31.98	9.10	1.60	1.35	55.97	68.02
Cereals/breakfast	0.1	1.5	0.2	20.00	10.00	5.00	—	65.00	80.00
Italian foods	0.1	1.5	0.2	18.18	—	—	4.55	77.27	81.82
Canned & jarred fruit	0.1	1.5	0.2	45.83	—	—	—	54.17	54.17
Canned & jarred meat/fish	0.2	3.0	0.4	37.50	4.17	2.08	2.08	54.17	62.50
Canned & jarred vegetables	0.1	2.3	0.3	39.39	12.12	3.03	3.03	42.42	60.61
Condiments	0.1	1.5	0.2	30.77	15.38	—	—	53.85	69.23
Dairy products	1.3	21.2	2.8	48.97	15.93	4.13	0.88	30.09	51.03
Frozen foods	0.1	2.3	0.3	27.03	13.51	—	—	59.46	72.97
Baked goods	0.3	4.5	0.6	37.97	11.39	1.27	2.53	46.84	62.03
Jams, jellies, spreads, syrups	0.1	2.3	0.3	36.11	5.56	—	—	58.33	63.89
BEVERAGES	**5.8%**	**100.0%**	**12.9**	**51.61%**	**7.27%**	**4.05%**	**2.47%**	**34.60%**	**48.39%**
Regular soft drinks	2.3	39.5	5.1	55.22	5.14	3.37	2.25	34.03	44.78
Diet soft drinks	0.8	14.0	1.8	45.70	4.98	6.33	4.52	38.46	54.30
Beer	0.9	17.0	2.2	61.13	9.06	5.66	2.26	21.89	38.87
Wine	0.5	8.5	1.1	47.69	11.54	1.54	1.54	37.69	52.31
Liquor	0.6	10.1	1.3	57.69	15.38	3.85	0.64	22.44	42.31
Fruit juices/mixes	0.3	5.4	0.7	27.27	5.68	2.27	4.55	60.23	72.73
Coffee	0.1	1.5	0.2	26.67	3.33	6.67	—	63.33	73.33
Tea	0.5	0.8	0.1	8.33	—	8.33	8.33	75.00	91.67
PET FOODS & SUPPLIES	**0.8%**	**100.0%**	**1.8**	**35.11%**	**11.56%**	**3.56%**	**1.33%**	**48.44%**	**64.89%**
Pet Food	0.5	66.7	1.2	43.36	5.59	3.50	1.40	46.15	56.64
Supplies	0.3	39.0	0.7	20.73	21.95	3.66	1.22	52.44	79.27

*Less than 0.1%
**Less than 0.1
—Not specified

Candy Foods Beverages

When consumers purchase candy, food or beverage items in a drug store, they are likely swayed into making those purchasing decisions by high-traffic merchandising, sharp pricing or some combination of the two.

Collectively, candy/gum, beverages and food items accounted for 43.2 purchases for every 100 shoppers, according to the 1983 POPAI Du Pont Drug Store Shopper Study. However, of those purchases, only 37.4% were specifically planned.

Not surprisingly, candy, which is generally merchandised in high-traffic areas of drug stores, including many checkstand locations, registered the highest degree of unplanned purchases. Of the 17.1 candy/gum purchases made by every 100 shoppers, 63.4% were unplanned impulse purchases.

Within the candy category, smaller-sized items such as bars, rolls and small boxes and bags were most frequently purchased without prior planning on the part of the shopper. However, higher-ticket candy items and bulk-packed candy products were less of an impulse buy, according to the study. In addition, a high percentage of consumers who purchased items such as boxed candy and seasonal candy either used a store circular or recalled a newspaper ad.

Chewing gum, like individual candy bars and bags, was also more frequently purchased on impulse. Of the total chewing gum purchases, which accounted for a 21% share of the category purchases, 61.4% were unplanned.

The POPAI Du Pont study revealed that many food purchases in drug stores are unplanned. The study said that of the 13.2 purchases for every 100 shoppers, 50.4% were unplanned.

Snack foods and cereals and breakfast foods were among the most frequently purchased impulse items. Snack foods, which accounted for 51% of the category purchases, were actually planned purchases in only 32% of the cases.

The POPAI Du Pont findings would also seem to indicate that consumers perceive a savings in many food items carried in drug stores. In fact, in some food categories such as dairy products (primarily milk); canned and jarred meats, fish and fruits, and jams, jellies, spreads and syrups, the percentage of planned purchases was surprisingly high. In the case of dairy products, which represented 21% of the food category purchases, nearly 65% of the purchases were either generally planned or specifically planned.

Advertising, whether in the form of newspaper ROP ads or through in-store circulars, played a major role in several of the planned food purchases. Of those purchases of canned and jarred vegetables, meats and fruits, the percentage of consumers recalling either a newspaper ad or store circular promoting the product was significantly higher than other food items.

Of the three categories, candy/gum, food and beverages, the latter recorded the highest incidence of planned purchases. With the exception of fruit juices/mixes, coffee and tea, which tended to be impulse purchases, the majority of other beverage categories were more frequently either generally or specifically planned purchases.

The alcoholic beverages were the leaders in terms of planned purchases. Liquor, which accounted for a 10.1% share of the beverage category purchases, were either generally or specifically planned in nearly 75% of the cases. Beer, which represented 17% of the category purchases, were planned purchases in nearly 70% of the instances.

Wine more closely followed the patterns of soft drinks, which tended to be both planned and impulse. Of the total wine purchases, approximately 58% were generally or specifically planned and nearly 38% were picked up on impulse in the stores.

Soft drinks, including regular and diet beverages, accounted for more than 50% of the share of category purchases and tended to be impulse buys in approximately 36% of the cases. The study revealed that soft drinks were either generally or specifically planned 55% of the time.

Pet food

In the pet foods and supplies department, food drives the volume and supplies generates the margins, according to the POPAI Du Pont shoppers study.

Of the total department purchases, almost 2 out of 3 were rung up in the pet foods category and the remainder in pet supplies. The lower margin food category, the study showed, had a lower degree of in-store decision making (65% of the purchases) than the higher-margin supplies (80% of the purchases).

Cat food generated almost half (48%) of the total pet food purchases, with dog food coming in second (38%).

POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
JEWELRY/LEATHER GOODS	**0.3%**	**100.0%**	**0.6**	**16.88%**	**27.27%**	**—%**	**—%**	**55.84%**	**83.12%**
Jewelry	0.2	83.0	0.5	20.34	25.42	—	—	54.24	79.66
Leather Goods	**	17.0	0.1	5.88	29.41	—	—	64.71	94.12
Jewel Cases/Music Boxes	—	—	—	—	100.00	—	—	—	100.00
APPAREL	**1.9%**	**100.0%**	**4.3**	**42.45%**	**14.34%**	**2.87%**	**1.72%**	**38.62%**	**57.55%**
Men's hosiery	**	2.3	0.1	50.00	—	—	—	50.00	50.00
Women's hosiery	1.3	67.4	2.9	48.73	14.16	4.25	1.13	31.73	51.27
Shirts	**	2.3	0.1	—	—	—	—	100.00	100.00
Hats	—	—	—	33.33	11.11	—	—	55.56	66.67
Shoes/shoe laces	**	9.3	0.4	34.00	26.00	—	4.00	36.00	66.00
Jackets	—	—	—	—	—	—	—	100.00	100.00

*Less than 0.1%
**Less than 0.1
—Not specified

Jewelry
Apparel

Drug retailers who position jewelry and leather goods in high-traffic areas of their store are more likely to benefit from stronger impulse sales.

According to the POPAI Du Pont Drug Store Shopper Study, less than 17% of the jewelry and leather goods purchases were specifically planned. Of those consumers who purchased a jewelry product, 54% bought on impulse. The degree of impulse purchases for leather goods was even higher. Nearly 65% of the leather goods purchases were unplanned.

Both jewelry and leather registered a high store decision index. The percentage of jewelry purchasing decisions that were either made or altered in the store was nearly 80%. The store decision index for leather goods was 94%.

Unlike jewelry and leather goods, apparel purchases in drug stores were more frequently specifically planned, according to the POPAI study. Of the 4.3 purchases per 100 shoppers involving apparel goods, nearly 57% of the purchases were either generally or specifically planned.

Women's hosiery, which accounted for more than 67% of the apparel category purchases, generated the highest level of planned purchases. Of the 2.9 purchases of women's hosiery, nearly 50% was specifically planned while nearly 15% was generally planned.

Assuming the high degree of planned purchase in the women's hosiery category and the high incidence of impulse purchases in the jewelry and leather goods categories, one potentially strong location for a highly visible jewelry/leather goods display would be the women's hosiery department.

Classified ads in *Drug Store News* get results!

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POPAI Du Pont
Drug Store Shopper Study

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
AUTOMOTIVE	0.8%	100.0%	1.8	41.20%	19.44%	6.02%	0.46%	32.87%	58.80%

*Less than 0.1%
**Less than 0.1
—Not specified

Auto

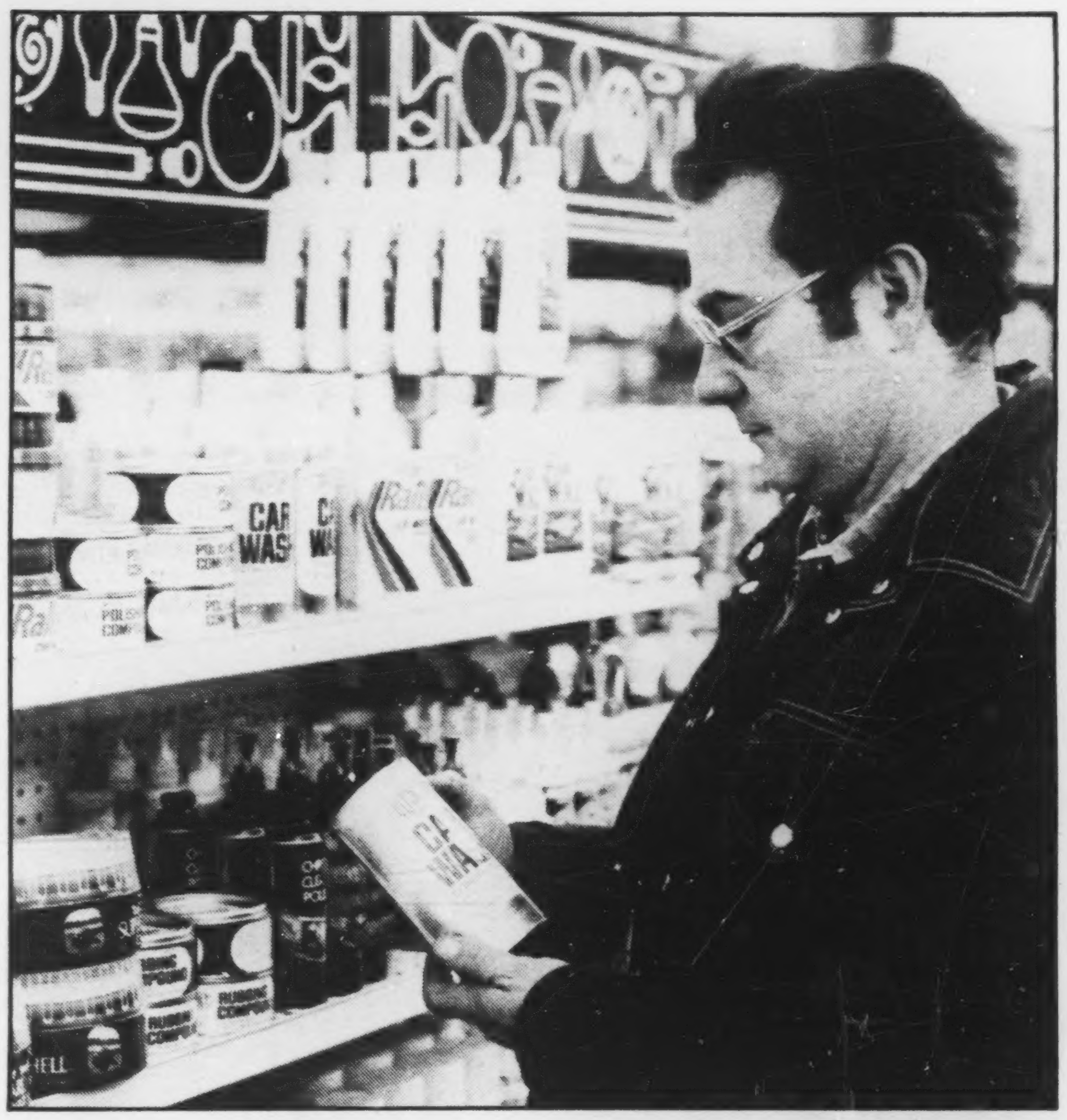
Both the automotive and hardware categories are driven more by specific planned need than by impulse appeal, according to findings from the POPAI Du Pont study.

Collectively, the automotive and hardware categories generated nearly seven purchases for every 100 shoppers. However, the incidence of unplanned purchases was lower than most other drug store categories. Of those products purchased from the automotive category, nearly 33% were unplanned. The percentage of hardware impulse sales for every 100 purchases was 35%.

There was a high degree of brand substitution within the automotive category, which includes motor oil, waxes and polishes, gasoline and oil additives and miscellaneous gadgets. Of those consumers who purchased auto products, 6% substituted brand.

Hardware products were also frequently substituted at the point of purchase. Of those hardware products purchased for every 100 shoppers, more than 5% substituted brand. Overall, the store decision index in the hardware category was 63%, indicating a high level of in-store decision-making.

The leading products in the hardware category by percentage share of purchases were batteries, which accounted for 51% of the category purchases. According to the study, there were nearly three battery purchases for every 100 shoppers. Of those purchases, 41% were specifically planned, 21% generally planned and 29% were unplanned.



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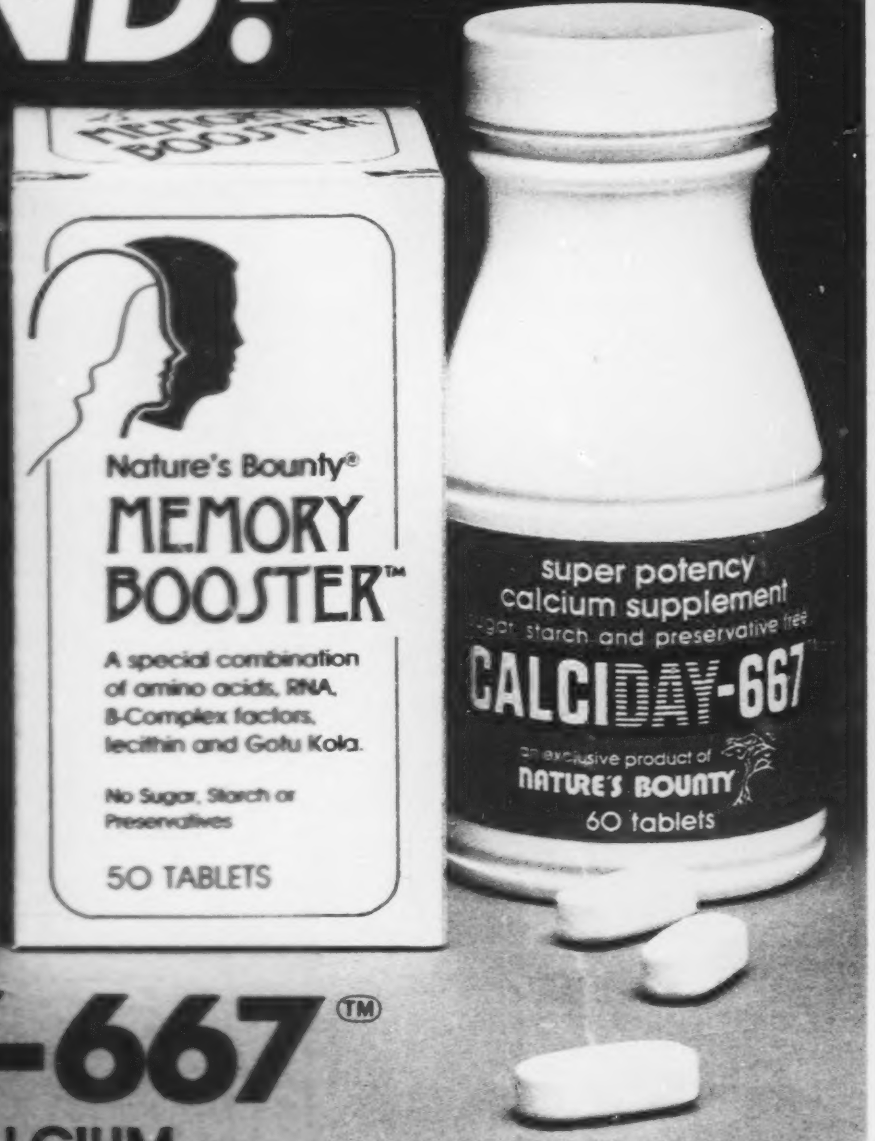
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POPAI Du Pont
Drug Store Shopper Study

Electrical appliances

Advertising and promotion are key factors in a consumer's decision to purchase a consumer electronics product in a drug store, according to the POPAI Du Pont shopper survey.

In nearly every one of the electronics and household appliance products categories from which purchases were made an overwhelming percentage of the consumers had their buying decisions influenced by coupons, newspaper ads and/or store circulars.

Of those purchases involving watchs and clocks, consumers reported seeing a newspaper ad for the item in 62% of the cases. Thirty-one per cent said they used a store circular and nearly 16% used a coupon.

Sales of calculators, a popular drug store item, also were heavily influenced by promotion. The incidence of consumers who purchased calculators recalling a newspaper ad for the item was 72%. Thirty-six per cent indicated that they used a store circular.

With purchases involving radios and stereos, the percentage of consumers who recalled being exposed to some form of advertising for the item was even greater. Eighty per cent of those consumers purchasing radios said they recalled a newspaper ad for the product, 30% saw the item featured in a store circular and 15% used a coupon in their purchase.

Because of the apparent impact of advertising involving a consumer electronics product or household appliance on the decision to purchase that product, the incidence of impulse buying in this category is substantially lower than most other drug store categories. Higher price points for consumer electronics, it should also be pointed out, would help account for the lower level of impulse buying in this category.

Of those purchases involving electrical or household appliances or supplies, only 30% of the consumers indicated that the purchase was unplanned.

Seasonal

While seasonal departments generate both specifically planned purchases and impulse sales in drug stores, the overwhelming majority of consumers make the final buying decision regarding seasonal products in the store.

For the most part, seasonal items are either generally or specifically planned. Consumers who purchase items such as gardening tools and hoses, fireplace logs, and pesticides usually follow a planned purchase pattern.

However, once in the store it is clear that consumers are prone to change their minds both with respect to brands and products. For instance: gardening tools and hoses and insecticides and pesticides are frequently planned purchases. Of those purchases involving hoses or tools, nearly 70% were either generally or specifically planned. Similarly, of those purchases of pesticides and insecticides, nearly 60% were either generally or specifically planned. But both categories had a store decision index of nearly 70%.

One can assume that consumers are frequently unfamiliar with seasonal items even though they know they want a certain product. This may be due in part to low brand recognition with products in the seasonal category.

Among the products most likely purchased on an impulse basis, the POPAI study indicated, are live plants, shrubs and flowers. Of those products purchased, nearly 70% were unplanned.

Conversely, products such as plant food, fertilizer and grass seed are planned purchases. Of the products purchased in that category, more than 70% were either generally or specifically planned.

Products	% share of total purchases	% share of category purchases	Purchases per 100 shoppers	Specifically planned	Store decision purchases			Unplanned	Store decision index
					Generally planned	Substitute			
						Brand	Product		
ELECTRICAL HOUSEHOLD APPLIANCES AND SUPPLIES	**1.00%**	**100.0%**	**2.2**	**45.0%**	**20.5%**	**1.9%**	**2.6%**	**30.1%**	**55.0%**
Household appliances	0.32	32.0	0.7	47.1	25.3	2.3	2.3	23.0	52.9
Clocks and watches	0.27	27.0	0.6	46.7	18.7	1.3	5.3	28.0	53.3
Computation equipment	0.05	5.0	0.1	43.8	6.3	6.3	—	43.8	56.3
Radio/stereos	0.18	18.0	0.4	47.1	21.6	—	2.0	29.4	53.0
TV/accessories	—	—	—	50.0	50.0	—	—	—	50.0
Telephones and accessories	—	—	—	66.7	—	—	—	33.3	33.3
Electrical supplies	0.09	9.0	0.2	26.7	16.7	3.3	—	53.3	73.3
SEASONAL/DECORATIVE ITEMS	**0.40%**	**100.0%**	**1.00**	**18.40%**	**16.00%**	**—%**	**0.8%**	**64.80%**	**81.6%**
Christmas	0.36	89.0	0.9	18.92	14.41	—	0.9	65.77	81.0
Halloween	0.03	7.0	0.07	100.00	—	—	—	—	—
Summer/winter	0.02	4.0	0.04	20.00	—	—	—	80.00	80.0
Other	—	—	—	—	50.00	—	—	50.00	100.0
GARDENING SUPPLIES & EQUIPMENT	**0.6%**	**100.0%**	**1.2**	**31.13%**	**25.83%**	**1.32%**	**3.97%**	**37.75%**	**68.87%**
Tools/hoses, etc.	1.0	16.7	0.2	31.03	37.93	—	—	31.03	68.97
Grass seed, fertilizer, plant food	0.5	8.3	0.1	64.29	7.14	7.14	7.14	14.29	35.71
Plant & vegetable seeds	0.5	8.3	0.1	—	—	—	—	100.00	100.00
Plants, flowers (artificial)	—	—	—	13.33	26.67	—	6.67	53.33	86.67
Plants, shrubs, flowers (live)	—	—	—	11.11	22.22	—	—	66.67	88.89
Rots, potting soil	1.0	16.7	0.2	23.81	19.05	—	9.52	47.62	76.19
Pesticides/insecticides	2.5	41.7	0.5	32.79	27.87	1.64	3.28	34.43	67.21
Equipment w/wheels	—	—	—	100.00	—	—	—	—	—
PAPER PRODUCTS	**3.5%**	**100%**	**7.8**	**39.1%**	**12.4%**	**2.8%**	**0.9%**	**44.8%**	**60.9%**
Paper products	2.7	77	6.0	39.8	12.2	3.3	0.8	43.8	60.2
Wraps & bags	0.8	23	1.8	36.6	12.8	1.3	1.3	48.0	63.4
HOUSEHOLD CLEANING AIDS	**2.7%**	**100.0%**	**5.9**	**38.5%**	**8.2%**	**1.9%**	**1.0%**	**50.4%**	**61.5%**
Laundry products	0.9	32.2	1.9	45.9	6.1	2.6	1.3	44.1	54.2
Cleaning implements	0.3	12.0	0.7	35.8	12.4	2.5	—	49.4	64.2
Kitchen/bathroom	0.8	29.0	1.7	40.4	5.8	1.4	1.4	51.0	59.6
Air fresheners/deodorizers	0.3	10.2		22.9	12.9	—	1.4	62.9	77.1
Glass/furniture care	0.2	8.4	0.5	29.3	12.1	1.7	—	56.9	70.7
All purpose cleaners/disinfectants	0.5	6.8	0.4	39.1	4.4	2.2	—	54.4	60.9
Floor wax/rug care	—	—	0.2	33.3	16.7	4.2	—	45.8	66.7
Other cleaning needs	—	—	—	25.0	12.5	—	—	62.5	75.0
HARDWARE	**2.30%**	**100.0%**	**5.1**	**37.48%**	**29.52%**	**5.17%**	**1.62%**	**35.22%**	**62.52%**
Batteries	1.20	51.0	2.6	40.95	21.27	7.62	1.59	28.57	59.05
Paint & supplies	0.01	4.0	0.2	21.43	32.14	10.71	—	35.71	78.57
Other	1.00	45.0	2.3	35.14	18.48	1.81	1.81	42.75	64.86
BARBECUE/PATIO SUPPLIES/EQUIP.	**0.2%**	**100.0%**	**0.5**	**—**	**—**	**—**	**—**	**—**	**—**
Barbecue	**	48.0	0.2	56.67%	6.67%	—	3.33%	33.33%	43.3%
Patio/picnic	**	26.0	0.1	25.0	37.5	—	—	37.5	75.0

*Less than 0.1%
**Less than 0.1
—Not specified

Valium 5mg stays on top of tranquilizer market; Ativan a distant second

NEW YORK — Roche Laboratories continues to dominate the tranquilizer market thanks in large part to the success of Valium 5mg.

According to research done by Decision Data, North Arlington, Tex., Valium 5mg heads the list of the 25 top-selling tranquilizers with a 17% market share, leaving its closest competitor, Wyeth's Ativan 1mg, almost 10 percentage points behind.

But Valium may be headed for trouble. Since 1978, Valium 5mg has lost 15% market share. Because it comes off patent next year, its top position in the tranquilizer market may be in jeopardy.

While Roche's four products in the top 25 list grabbed a 28% share of the market, Wyeth Laboratories, also represented in the top 25 with four products, was only able to muster a 12% share.

Unlike Valium, Wyeth's leading tranquilizer, the second-ranking Ativan 1mg, has made strong inroads since 1978. Ativan 1mg has risen five percentage points in market share since 1978 and has held at 7% since 1983.

Other manufacturers of tranquilizers whose products made it into the top 25 listing include, in descending order, Upjohn, Abbot, Roerig, Sandoz, Parke-Davis and Pfizer.

Upjohn's Xanax Tablets, introduced in 1982, enjoyed the biggest percentage gain by almost doubling its 1983 market share. In 1983 Xanax 0.5mg had a 2.6% market share compared to 4.28% in 1984. This year Xanax 0.5mg ranked fifth, up three positions from 1983.

The lesser strength, Xanax 0.25mg, rose 1.2 percentage points in market share, from a 1.3% share in 1983 to a 2.48% in 1984.

As a result of its Xanax success, Upjohn ranked third in total tranquilizers sold in 1984, up from seventh place in 1983.

There was one new addition and one deletion from this year's list of the 25 best-selling tranquilizers. Mellaril Tablets 100mg, by Sandoz, did not make the list this year,

Although retail margins for tranquilizers fell almost two percentage points over the past year, the average profit dollars reported on total tranquilizer sales was up 60¢.

The top selling tranquilizers

Product	Manufacturer	% Retail market share 6/83	% Retail market share 6/84	Avg. # per Rx	Average price 6/83	Average price 6/84	% Retail* margin 6/83	% Retail* margin 6/84
Valium 5mg	Roche	18.90	17.29	54	$11.86	$13.59	25.00	22.30
Ativan 1mg	Wyeth	6.50	6.60	50	13.54	14.76	29.00	28.40
Valium 10mg	Roche	4.80	4.60	53	18.84	22.01	22.00	18.90
Tranxene 7.5mg	Abbott	4.50	4.38	52	13.81	15.55	28.00	26.20
Xanax 0.5mg	Upjohn	2.60	4.28	52	13.89	16.21	30.00	27.70
Valium 2mg	Roche	3.90	3.81	56	8.99	13.17	35.00	29.80
Tranxene 3.75mg	Abbott	2.40	2.55	53	11.59	13.05	33.00	30.40
Xanax 0.25mg	Upjohn	1.30	2.48	50	11.09	12.95	34.00	32.20
Librium 10mg	Roche	2.80	2.30	60	11.45	12.89	28.00	25.90
Meprobamate 400mg	Generic**	2.60	0.83	76	4.32	4.97	77.00	76.30
Ativan 2mg	Wyeth	2.00	2.09	53	19.82	21.68	22.00	21.90
Atarax 25mg	Roerig	2.20	1.85	39	14.04	16.05	28.00	25.10
Chlordiazepoxide 10mg	Generic**	1.80	0.15	83	4.54	7.00	79.00	88.80
Mellaril 25mg	Sandoz	2.30	1.83	67	16.75	17.18	24.00	25.00
Serax 15mg	Wyeth	1.70	1.63	58	14.44	15.74	27.00	26.10

*Per cent retail margins are based on average wholesale prices.
**Includes prescriptions filled with other than nationally promoted brands of meprobamate or chlordiazepoxide.

New Rx book ready Jan. 1

WASHINGTON — The 21st revision of the *United States Pharmacopeia* and the 16th edition of the *National Formulary* have been published and are ready for distribution. Both will become official Jan. 1, and have been combined into a single volume.

The *Pharmacopeia* contains 2,716 monographs on drug substances and dosage forms and the *Formulary* includes 250 monographs on inactive agents known as pharmaceutic ingredients.

New features of the *Pharmacopeia* include 400 antibiotic monographs, a section on bacterial endotoxins and pyrogens, a chapter on biological indicators and sterility, an increased number of dissolution and bioavailability studies, a new monograph on human insulin and a new chapter on uniformity of dosage units.

Subscriptions are available at $155 by contacting the USP Department of Public and Professional Affairs, 12601 Twinbrook Parkway, Rockville, Md. 20852.

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DRUG STORE NEWS®

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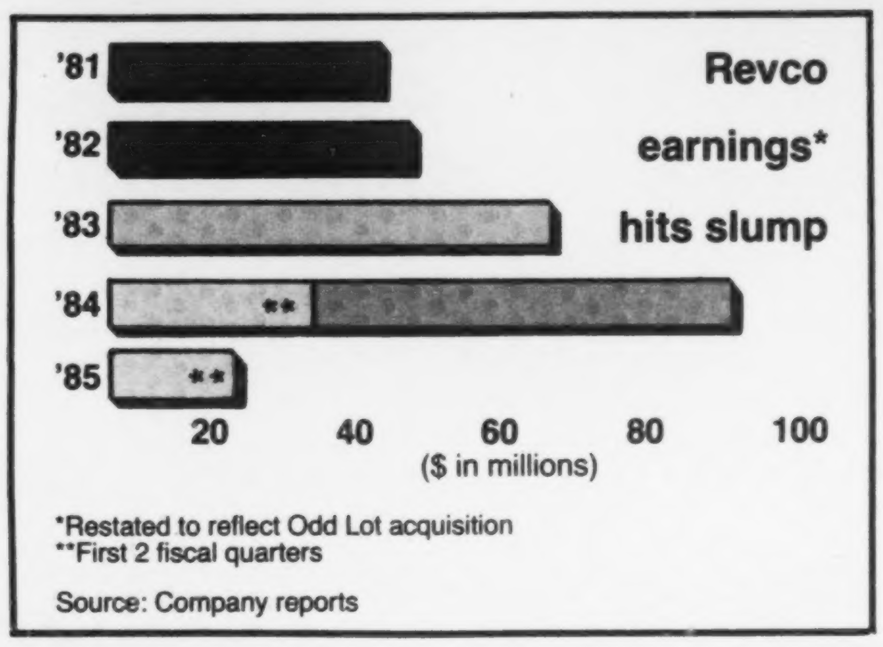
Odd Lot's woes depress Revco earnings



Revco earnings* hits slump

*Restated to reflect Odd Lot acquisition
**First 2 fiscal quarters

Source: Company reports

By Jim Ricchiuti

TWINSBURG, Ohio — Revco D.S.'s patience with its rebellious Odd Lot subsidiary may finally have run out.

Although Revco's drug store division is suffering from a variety of maladies, including lagging same-store sales, deteriorating pharmacy gross margins and soft front-end volume, company officials are clearly pointing the finger at Odd Lot for the chain's 43% drop in second quarter earnings.

Revco posted earnings of $10.4 million for the quarter ended Nov. 17, compared with $18.3 million (restated to reflect the Odd Lot acquisition) in the second quarter of 1983. Sales for the quarter were up 10% to $527 million from $480.5 million in 1983.

While conceding that pretax profits, excluding Odd Lot, were "well below" last year's, Revco chairman and ceo Sidney Dworkin said "an even steeper decline in profits was caused by the poor performance of Odd Lot." Odd Lot's second-quarter contribution amounted to a new loss of 5¢ per share, compared with a gain of 12¢ a share during the same period last year.

With second-quarter sales at Odd Lot's wholesale division, Tangible Industries, down 25% and retail same-store sales down 5%, there are indications that Revco is considering a major shake-up in its close-out merchandise subsidiary.

Carroll Hudson, Revco's executive vp and cfo, said the Odd Lot situation "has to be resolved." He added that a "continuation of losses would certainly

Continued on page 63

Eckerd invests $9M in Calif. home centers

CLEARWATER, Fla. — The Jack Eckerd Corporation has added a new dimension to its diversification plans.

The company has invested $9 million for a 15% interest in HomeClub, a California-based warehouse home center chain. This deal is part of a private equity placement that reached a total of $30 million, and represented 50% of HomeClub shares outstanding.

Stewart Turley, chairman and president of Jack Eckerd Corp., will take a seat on HomeClub's five-member board.

Why is Eckerd diversifying into the home center membership club business? Susan Schmierer, a financial analyst with the L. F. Rothschild company, speculates that the chain may simply be testing the waters for future considerations. "Sometimes you have to be a small part of an industry to be able to find out how it works," she said.

HomeClub, a membership wholesale buying group, currently has six locations, five in California and one in Las Vegas. Claiming to be "America's Do-It-Yourself Warehouse," it features brand-name home improvement products in a no-frills warehouse-type setting with stores ranging in size from 75,000 to 100,000 sq. ft. Gross margins are in the low 20's.

Twenty per cent of the business comes from contractors, and the rest from do-it-yourself customers.

Although it is a deep-discount, membership-only chain, it differs from the rest of that genre in that it is also open to the general public who must pay a 5% surcharge as a nonmember.

Continued on page 63

E NEWS....LATE NEWS....LATE NE

WILLIAM E. WOOD, vp and general manager at Wellby Super Drug, left the chain earlier this month to pursue other interests. Hannaford Bros., the parent company of the 30-unit drug chain, has named Robert E. Dunton, former vp of retail operations with the supermarket division, to succeed Wood.

BERGEN BRUNSWIG reported that net earnings for the first quarter ended Nov. 30 increased 19% to $6.2 million from $5.2 million in the comparable year-earlier period.

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See page 4.

New Medi Mart design a winner

A striking mirrored store facade helps convey the upscale image in Medi Mart's award-winning Short Hills, N.J., store. The five-month-old store is the subject of a photo feature on page 8.

Peoples to taste burger market

Will open 2 Hardees franchises

ALEXANDRIA, Va. — Peoples Drug is going into the fast-food business.

The nation's 10th largest drug chain is taking advantage of its sisterly relationship to the Hardee's fast-food company to test the franchising of Hardee's hamburger restaurants in select locations.

Peoples first two "experimental" franchised units will open next month in locations that were formerly parts of two large oversized drug stores. In College Park, Md., and Bellview, Va., Peoples has apportioned between 3,500 and 4,000 sq. ft. from two stores that were originally more than 15,000 sq. ft.

In both cases, an extra wall has been built to separate the Hardee's units from the drug stores. The restaurants will have separate management from the Peoples stores, but the managers will report to Ray Orndorff, Peoples director of retail food operations.

If the concept is a success, Peoples will ultimately replace most of its remaining 70 or so fountain service departments with Hardee's units. In time, Peoples may also begin opening regular freestanding Hardee's units just as if it was a conventional franchisee.

The project, which could be a boon to both Peoples and

Continued on page 63

Sentry Drug diversifies with Ways & Means

BIRMINGHAM, Mich. — Sentry Drug Stores and the Ways & Means Company, a distributor of specialty hard goods merchandise, have jointly opened a new 5,000-sq.-ft. store here.

The store, called Sentry Ways & Means, features a unique collection of more than 1,100 items—selected specifically to help people perform everyday tasks more easily.

Included in the extensive merchandise mix are kitchen accessories, gardening implements, housewares, flatware, electronics, personal care appliances, home furnishings

Continued on page 63

Toy category adds sparkle to holiday sales

By Faye Brookman

NEW YORK — Sparked by a dynamic resurgence in the toy category, Christmas sales for the nation's drug store retailers increased over those of last year's robust selling season. Retailers' spirits were dampened, however, by the reluctance of consumers to dig deep into their pockets for higher-ticket gift items.

The net result for drug chains was a "good but not great" Yule season. Same-store sales increased only 8% to 10% over 1983, instead of the 12% to 15% retailers had targeted. Plus, overall sales peaked at 12% to 15% and the increases were produced thanks to the extra two selling days sandwiched into the Yule season. Without those extra selling hours, chains would have registered sales gains of only 5% over 1983.

Sluggish Christmas sales were actually the culmination of a trend that started last summer. Even the day after Thanksgiving, according to Paine Webber, did not produce the volume drug chains had anticipated.

"The zip just isn't there," complained Genovese Drug's Don Gross about the shopping days just prior to Christmas. "We're not seeing the pent-up demand witnessed last year."

Gross, along with representatives of chains including Fay's, Begley, Walgreens, Revco, People's and Harco, feared that softer sales, coupled with promotional markdowns needed to clean our heavy inventories, could trickle down to the bottom line.

Many pointed out that they enacted last-minute belt-tightening measures to avert any earnings problems, while others took solace in the fact that even department stores were forced to drastically cut prices to boost volume. For the first time in its history, for example, Bloomingdale's was forced to run a huge three-day sale before Christmas.

Many retailers blame the anemic sales on customers shying away from high-ticket goods. Bob Begley, president and chairman of Begley, termed this year's shopper as having a "casual attitude. We know there is disposable income out there, but we just didn't see aggressive buying."

Added Fay's president Dan Herrmann, "We just didn't see the movement of items like TVs, microwaves or electronics."

And on top of cautious consumer buying patterns, drug chains complained about the sheer number of retailers now competing for the same shopper.

"There's more retail square footage than ever and they're all selling the same thing," Begley lamented.

The competition didn't only come from other retail segments, but drug chains, too. Most major

Continued on page 64

News in brief

May's opens H&BA store

TULSA, Okla. — May's Drug Stores Inc. has opened its first H&BA store in the Woodlawn Hills Mall here. This 3,200-sq.-ft. store differs from other May's outlets in that it does not have a pharmacy and doesn't sell greeting cards. It does carry a limited amount of general merchandise.

Walgreens promotes Platek

DEERFIELD, Ill. — Walgreen Co. has promoted Gary T. Platek to the position of buyer for its electronics division. Platek will be responsible for purchasing audio and video tapes, batteries, clocks, computers, typewriters, electronic games, watches and videotapes for rentals. Platek, who joined Walgreens in 1977, had been assistant buyer-purchasing and merchandise coordinator.

Perry's health unit opens

PONTIAC, Mich. — Perry Drug held a grand opening ceremony last month for its new home health care unit, Flint Medical and Surgical Supply. The chain acquired the store as part of the recent acquisition of Cook Drug.

Corella to ADAP

SHIREMANSTOWN, Pa. — Rite Aid Corp. has shifted Frank Corella, the former vp, merchandising, at SupeRx, from the company's drug store divison to its ADAP auto parts chain.

Execs appointed at Revco

TWINSBURG, Ohio — Revco D.S. has realigned its financial division with four new executive appointments. Harold Bardon, formerly vp and controller, has been named vp-finance. Wilbur Smith, who was previously treasurer, was appointed vp-financial planning and treasurer. In addition, David Stitt, formerly assistant corporate controller, has been promoted to controller. Lawrence Hylkema, most recently director of accounting, assumes the duties of assistant controller.

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Pantry Pride proxy fight appears thwarted by vote

FORT LAUDERDALE, Fla. — Shareholders attending Pantry Pride's annual meeting here last month have apparently voted in favor of the current management team, ending temporarily a bid by dissidents to gain control of the supermarket chain and specialty retailer.

Pantry Pride, which last month acquired Adams Drug, said that a preliminary count of votes from the Dec. 7 annual meeting indicates that the company's board of directors, led by Grant C. Gentry, chairman and ceo, has been reelected. The food and drug retailer, whose other holdings include Devon Stores, said its slate of directors received nearly 61% of the shares voted.

The dissident group, led by Dwight Devon, the son of the late Philip Devon, who founded the Devon hard goods chain; Howard Gittis, a Philadelphia attorney, and Patrick Rooney, chairman of the New York investment firm the Rooney Pace Group, received only 10.7 million votes of the 27.2 million cast. The Devon family controls approximately 10.4% of Pantry Pride's outstanding stock as a result of the sale of the 89-store chain to Pantry Pride last year.

At issue during the openly bitter proxy fight has been the slumping performance of Pantry Pride. The dissidents contend that the company stock is undervalued. Moreover, they charged that the company's top execs are earning salaries that do not reflect Pantry Pride's poor earnings. Gentry, a prime target of the dissidents, earned $520,000 in salary and bonuses during fiscal 1984.

Although the dissidents have vowed to continue the battle to unseat the Pantry Pride management, analysts who have followed the proxy fight say it is doubtful they will be successful following their defeat at the annual meeting.

Medicare-Glaser to install POS in test at 13 full-line drug stores

ST. LOUIS — Medicare-Glaser is installing electronic point-of-sale cash registers in all of its conventional full-line drug stores and launching a test to determine if upgrading the system to scanning could be economically justified.

Medicare-Glaser's president, Harlan Steinbaum, says that 13 of the company's 35 full-line stores will begin using the new epos system 69 next month. All 35 of the conventional stores should have the new system within two years.

The scanning test in two Springfield, Mo., conventional stores will begin in early February and will probably continue for six to eight months before an evaluation of possible expansions is made.

The scanning stores will be using the same NCR 2126 registers that are going into all 35 of Medicare-Glaser's full-line drug stores.

The basic NCR system will be able to capture, through a keyed entry system, individual item product movement on about 3,000 products. Medicare-Glaser will use this less expensive system to track the movement of all ad items, plus the chain's top 200 best-selling products. In addition, the system will be used to monitor sales of new products introduced into the full-line stores.

For an investment approximately double the cost of the basic system, Medicare-Glaser will use the upgraded scanning system to track the product movement of all sku's in the two Springfield stores. In these two test stores, the chain will be tracking the movement of between 15,000 and 18,000 sku's.

Gil Smith, director of store systems for Medicare, estimates that about 80% of the products in the store already carry a universal product code. The remaining products will probably be given a six-digit price look-up code.

Both Steinbaum and Smith feel that by the time the company is finished installing the basic NCR system in all the conventional stores, which should be in about two years, the test for the scanning stores should yield enough information to allow management to determine if it is worth upgrading all full-line stores to scanning. The company has not yet decided if scanning would ever be warranted in the 63 smaller pharmacy stores or in its deep-discount store, Megs, but scanning will not be used in Medicare's 12 Vision Centers or in its Home Health Care

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Chain remerchandises in move to boost volume

ST. LOUIS — Medicare-Glaser is expanding many of its smaller stores and remerchandising all of its conventional stores in a bid to beef up average store volume.

Currently the chain operates a highly diversified mix of stores ranging in size from 2,500 sq. ft. for an average professional pharmacy to 10,000 sq. ft. for a typical full-line conventional drug store.

At the end of 1984, Medicare was operating a total of 33 full-line drug stores, 57 professional stores, 12 Vision Centers, 1 home health care store and 1 deep-discount drug store, for a total of 104 stores.

Starting late last summer, Medicare began remerchandising its bigger stores to include a broader range of sundries and general merchandise products.

The new mix resulted in the addition of some new departments such as photo albums and picture frames, plus the

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FINANCIAL

American posts increase

SALT LAKE CITY — American Stores reported that net earnings for the third quarter ended Oct. 27 increased to $35.5 million, or $1.10 a share, from $22.8 million, or 67¢ a share, in the comparable 1983 period.

Sales for the quarter increased 74.7% to $3.45 billion from $1.97 billion in the previous-year period.

Results include approximately 71% of the sales and earnings of Jewel Cos., which became a wholly owned subsidiary of American Stores on Nov. 16.

The impact of the Jewel merger was to decrease quarterly earnings by $4.5 million as the result of interest expenses generated by the acquisition borrowings and other purchase accounting adjustments.

Also included in the earnings results for the quarter was a one-time gain of $14 million, or 47¢ a share, from the sale of Alpha Beta supermarkets in Arizona.

On a comparable basis, American's third-quarter earnings were up 14% to $26 million.

For the 39 weeks, net profits rose to $95.9 million.

Subtracting the one-time gain from the sale of the Alpha Beta stores and the loss resulting from the Jewel acquisition, American's 39-week earnings increased 18.6% to $85.4 million, or $2.60 a share.

Perry earnings up 68%

PONTIAC, Mich. — Perry Drug Stores recorded a 68% increase in net earnings for the year ended Oct. 31 to $7.7 million, or $1.26 a share, from $4.5 million, or 94¢ a share, last year.

Sales for the year increased to $371.9 million, 30% higher than the $285.5 million achieved last year.

The growth in earnings outpaced sales growth by 2 to 1 and resulted in an increase of 0.4 of a percentage point to 2% in Perry's net-to-sales ratio.

For the fourth quarter, earnings were up 63% to $2.1 million, or 34¢ a share, from $1.3 million, or 23¢ a share, while sales rose 26% to $96.4 million from $76.5 million for the same year-earlier period.

Jack A. Robinson, chairman and ceo, said he was delighted by the results. "We worked toward improving our profitability and we achieved our objectives," he added.

In fiscal '84, Perry opened 12 drug stores and 26 auto parts stores.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 11/29/84 - 12/13/84			Change		52-Week		Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change					Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct	5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	38.00	35.38	36.75	-1.00	-2.65	41.13	26.50	.01	.63	2.76	8.72	3.61	.60 N	17.9	45.0	1.5	9.3	.64	1.7	09-18-84	7983.7	117.9	1.5	12.39	15.26
Begley Co	BGLY	15.50	15.50	15.50	.00	.00	17.00	14.50	.16	.08	-4.28	46.43	1.33	-.07 S	-5.4	-8.0	1.1	12.8	.68	4.4	10-16-84	61.5	.7	1.9	15.55	18.26
Big B	BIGB	11.25	10.63	10.75	-.50	-4.44	13.25	8.88	-.06	.31	1.69	5.13	.53	.14 S	31.1	23.0	3.0	18.2	.00	.0	09-21-83	117.0	3.5	2.3	.18	3.88
Drug Sys	DRGS	4.00	3.75	3.88	-.38	-8.82	7.50	3.25	-1.05	.00	.49	-11.32	.56	-.32 S	-42.6	-51.0	2.1	9.0	.00	.0	01-25-84	82.3	1.7	3.0	1.28	5.84
Eckerd, Jack	ECK	28.63	26.38	28.50	.88	3.17	29.13	20.25	.04	.81	-2.37	11.08	2.27	.36 Q	18.3	5.0	3.3	12.3	1.00	3.5	09-10-84	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	10.38	9.63	9.88	-.38	-3.66	13.88	8.38	-.70	-.12	-1.35	-15.30	.60	.13 N	24.5	46.0	2.6	15.0	.20	2.0	12-21-84	312.4	8.1	1.7	1.78	3.82
Genovese Drug	GDX	12.25	11.13	11.25	-1.00	-8.16	18.25	11.13	-.56	-1.79	4.75	75.16	.96	.25 S	32.0	70.0	2.0	10.9	.20	1.8	09-17-84	193.8	3.9	1.9	2.83	4.92
Hook Drugs	HOOK	21.50	21.00	21.00	-.50	-2.33	29.50	18.00	.87	-.06	-1.93	4.50	2.01	-.26 N	-12.7	6.0	2.7	11.8	1.00	4.8	10-09-84	320.5	8.7	1.7	2.75	10.38
Longs Drg Strs	LDG	43.88	42.75	43.50	.00	.00	49.75	34.00	.04	.28	1.89	3.49	3.43	.36 N	10.9	10.0	3.0	12.0	1.28	2.9	11-28-84	1214.4	36.4	1.9	.00	21.13
Medicare Glaser	MGCO	4.75	4.25	4.25	-.50	-10.53	9.75	4.25	-.16	.00	2.22	-56.00	.43	.06 Q	14.6	70.0	1.4	9.0	.00	.0	00-00-00	76.7	1.1	1.6	1.12	3.32
Pay N Save	PAYN	22.88	22.75	22.75	-.13	-.55	26.75	14.38	.14	.07	-1.76	41.38	2.02	-.23 S	-13.2	.0	2.5	15.2	.60	2.6	08-20-84	1220.5	30.1	2.0	9.01	14.37
Pay Less NW	PAY	22.50	20.75	21.50	-.88	-3.91	24.13	14.00	-.12	-.59	.45	30.83	1.35	.34 S	29.8	4.0	2.9	14.5	.34	1.6	12-17-84	852.9	24.7	1.8	4.62	7.19
Perry Drug	PDS	17.63	16.25	17.25	.75	4.55	18.50	12.38	.23	.35	-6.68	-13.45	1.02	.45 N	52.9	12.0	1.6	13.3	.24	1.4	08-21-84	285.5	4.5	2.2	2.78	9.75
Revco Drug	RDS	25.00	22.50	23.13	-1.75	-7.04	37.50	22.50	-.52	-1.91	5.38	18.95	2.54	.52 Q	26.0	26.0	4.2	9.2	.80	3.5	11-19-84	2227.5	93.4	2.1	1.08	12.22
Rite Aid Corp	RAD	26.00	24.50	24.88	-.38	-1.49	27.25	17.50	-.01	-.70	.20	2.55	1.47	.30 S	23.4	29.0	5.1	15.7	.51	2.1	10-09-84	1223.3	62.2	2.3	.49	7.68
Thrifty Cp	TFD	20.63	18.50	18.50	-2.00	-9.76	21.38	11.50	-.04	-.48	.48	7.98	1.40	.27 F	23.8	20.0	2.1	13.2	.52	2.8	11-02-84	1299.3	27.9	1.5	5.39	6.83
Walgreen Co	WAG	44.75	41.88	43.75	1.75	4.17	44.88	28.63	.16	.43	-.48	-7.19	2.78	.51 F	22.4	42.0	3.1	15.7	.88	2.0	11-07-84	2744.6	85.4	1.7	1.73	13.52
Wholesaler's transactions																										
Bergen Bruns	BBCA	24.00	20.50	22.50	-1.13	-4.76	27.63	19.00	-.16	1.08	2.87	-54.67	1.86	.26 F	16.2	37.0	1.4	12.1	.32	1.4	10-26-84	1703.4	23.4	1.6	1.08	11.11
Cardinal Distrb	CDIC	13.25	12.00	12.50	-.50	-3.85	18.63	12.00	-.37	.34	1.24	37.31	1.01	.99 S	NC	11.0	1.1	12.6	.00	.0	00-00-00	243.3	2.6	1.8	1.01	6.50
Durr Fillauer	DUFM	13.25	12.75	12.88	-.38	-2.83	16.25	10.25	.16	-.12	1.54	9.80	.80	.13 N	17.1	21.0	1.9	14.5	.16	1.2	08-20-84	263.2	5.0	2.3	2.03	6.80
McKesson Cp	MCK	39.38	38.50	38.50	-.50	-1.28	44.25	32.38	.08	-.27	-2.35	-11.80	3.25	-.08 S	-2.4	.0	1.5	11.8	2.40	6.2	11-27-84	4260.0	63.0	1.4	10.45	30.25
Foxmeyer Cp	FOXM	22.00	21.00	22.00	-.63	-2.76	26.75	20.00	-.31	.17	-2.57	26.26	1.27	.07 S	5.3	92.0	1.1	15.8	.00	.0	00-00-00	464.2	5.2	2.0	3.95	11.86
Ketchum	KCH	15.25	14.25	14.25	-.75	-5.00	20.19	10.09	-.19	-.91	.86	-39.39	.77	-.50 S	-54.3	89.0	.3	33.9	.00	.0	09-24-84	245.1	.8	1.5	6.37	6.74
Owens & Minor	OBOD	12.75	12.25	12.75	-.25	-1.92	16.63	11.25	-.13	.63	-5.44	-25.13	1.41	.05 N	3.9	9.0	1.2	9.6	.36	2.8	12-10-84	255.2	3.0	2.8	5.07	11.69
Spectro Indus	SPO	25.88	24.38	25.25	-.25	-.98	27.86	15.50	-.11	-.24	-2.91	54.32	1.78	.72 S	48.9	57.0	1.8	11.5	.14	.6	09-24-84	395.4	7.2	1.7	2.46	8.88
Manufacturer's transactions																										
Abbott Labs	ABT	41.25	38.63	40.00	-1.25	-3.03	48.75	36.75	-.09	.64	-1.02	-9.61	2.86	.50 N	18.5	25.0	11.9	12.5	1.20	3.0	10-09-84	2927.9	347.6	1.9	4.00	11.71
Am Home Prod	AHP	51.38	49.88	51.00	1.00	2.00	55.75	46.75	.22	.03	-2.26	-1.15	4.00	.41 N	10.5	15.0	12.9	11.9	2.64	5.2	11-06-84	4856.5	627.2	3.0	.00	13.14
Baxter Travenol	BAX	13.00	11.75	12.88	.50	4.04	24.88	11.75	-.44	1.08	.37	7.70	1.45	-.18 N	-12.7	18.0	11.8	10.5	.33	2.6	12-03-84	1842.5	218.1	1.7	1.60	8.17
Block Drugs Co	BLOCA	29.75	29.00	29.75	.75	2.59	29.75	24.28	.49	.39	-1.21	-13.46	3.18	.34 S	11.2	16.0	10.0	8.9	1.00	3.4	11-27-84	238.2	23.9	2.3	2.34	20.08
Bolar Pharm	BLR	24.88	22.50	23.13	.13	.54	32.00	17.50	.02	.53	-2.67	-31.56	1.15	.18 N	18.7	42.0	19.2	20.3	.05	.2	02-10-84	25.5	4.9	4.9	.00	4.76
Bristol-Myers	BMY	48.75	47.25	48.25	.38	.78	50.38	41.00	.05	.31	-.72	.02	3.00	.46 N	15.9	19.0	10.4	14.4	1.60	3.3	10-01-84	3917.0	408.0	2.4	.71	13.99
Carter-Wallace	CAR	27.25	26.25	26.63	-.25	-.93	27.88	19.38	.09	.24	-2.68	4.73	2.37	1.86 S	265.7	30.0	5.7	10.4	.48	1.8	10-31-84	323.1	18.4	2.4	1.69	21.87
Cooper Labs	COO	13.88	13.38	13.75	.00	.00	27.00	10.38	-.25	.46	-3.88	-25.52	.51	-.04 N	NC	NC	3.5	NE	.12	.9	03-12-84	232.5	8.2	1.9	4.36	13.07
Forest Labs	FRX	13.25	12.50	12.88	-.25	-1.90	32.25	11.25	-.39	.50	-2.68	-3.73	.54	.02 S	3.9	50.0	14.8	24.3	.00	.0	01-14-83	19.6	2.9	8.3	.28	5.42
ICN Pharm	ICN	9.25	8.38	8.63	-.25	-2.82	9.75	4.88	.31	-.07	.07	-4.44	.22	-.11 N	-44.0	41.0	5.1	61.6	.00	.0	00-00-00	37.0	1.9	4.3	.20	4.34
Key Pharm	KPH	9.38	8.00	8.88	-.25	-2.74	20.25	8.00	-.72	-.40	-.18	-17.56	.51	.18 N	40.9	71.0	14.8	14.3	.16	1.8	09-10-84	127.3	18.8	2.1	1.16	1.67
Lilly Eli Co	LLY	64.88	62.88	64.63	1.25	1.97	66.13	53.00	.27	.43	1.84	-2.08	6.13	.79 N	13.4	12.0	15.1	9.7	3.20	5.0	11-08-84	3033.7	457.4	1.9	1.23	28.86
Lee Pharm	LPH	2.63	2.13	2.50	-.13	-4.76	3.75	2.13	-1.22	3.84	4.44	-17.46	-.49	.23 N	NE	-92.0	-14.3	NE	.00	.0	00-00-00	7.0	-1.0	2.8	.41	1.53
Marion Labs	MKC	40.25	38.25	39.00	-1.50	-3.70	42.75	27.25	-.10	-.65	.00	25.36	1.24	.50 Q	56.8	59.0	10.6	28.3	.40	1.0	09-12-84	226.4	24.1	2.4	.04	7.05
Merck & Co	MRK	89.88	87.75	89.13	.38	.42	97.50	78.25	.21	.33	1.03	15.70	6.10	.52 N	8.6	7.0	13.9	13.6	3.00	3.4	08-31-84	3246.1	450.9	1.7	5.21	32.92
Morton Thiokol	MTI	27.00	25.25	25.63	-1.38	-5.09	31.38	19.97	-.34	-.83	-2.56	13.54	2.16	.44 Q	24.1	27.0	5.5	11.3	.64	2.5	11-26-84	2001.5	109.8	1.5	2.94	12.50
Mylan Labs	MYLN	24.75	22.75	22.88	-2.13	-8.50	35.13	8.22	-.39	-1.19	-2.54	9.16	.40	.32 S	94.1	107.0	12.7	34.7	.03	.1	08-01-84	36.9	4.7	5.4	.21	1.52
Newport Pharm	NWPH	6.88	5.75	6.25	.00	.00	7.25	2.75	.17	-2.29	3.08	-38.88	-.21	-.14 Q	NE	2.0	-26.0	NE	.00	.0	00-00-00	7.7	-2.0	2.6	.22	.93
Pfizer Inc	PFE	40.13	38.13	39.88	.88	2.24	41.00	29.38	.16	.08	-2.70	8.40	2.73	.43 N	16.6	18.0	11.9	13.2	1.32	3.3	11-13-84	3750.0	447.1	2.1	3.03	13.67
Reid Prov Labs	REID	3.50	3.25	3.38	-.13	-3.57	4.38	2.75	.55	.93	-3.81	26.63	.12	.02 F	20.0	107.0	6.7	28.1	.04	1.2	12-10-84	13.4	.9	3.1	.02	.92
Robins, AH	RAH	20.63	19.00	20.25	.75	3.85	23.25	12.00	.06	.62	.21	3.09	2.40	-.98 N	-41.3	9.0	10.3	14.6	.76	3.8	11-19-84	563.5	58.2	3.2	1.36	14.69
Rorer Group	ROR	28.50	25.75	25.75	-2.25	-8.04	34.13	25.25	-.19	-1.09	3.98	21.56	2.02	.16 N	8.3	10.0	8.9	12.4	1.08	4.2	11-02-84	475.3	42.4	2.0	2.18	10.43
Scherer RP Co	SCHC	9.13	8.75	8.88	-.13	-1.39	17.63	8.63	.08	-.07	.86	-16.87	.52	-.40 Q	-44.4	-5.0	2.3	17.8	.32	3.6	09-12-84	171.7	4.0	1.9	4.83	11.14
Searle, GD	SRL	63.00	58.88	59.25	-1.38	-2.27	63.00	37.50	.35	-.86	-.17	-2.45	2.39	.70 N	29.7	14.0	12.6	19.4	.52	.9	11-02-84	946.0	119.0	2.4	3.62	14.85
Squibb Corp	SQB	52.75	50.50	51.75	-.88	-1.66	53.25	37.50	.16	.46	-1.13	12.99	3.31	.37 N	11.5	10.0	9.8	14.5	1.60	3.1	11-09-84	1768.9	173.3	2.4	3.86	23.24
Sterling Drug	STY	30.00	27.38	30.00	1.00	3.45	30.00	23.50	.34	1.39	3.73	32.50	2.24	.15 N	6.8	7.0	7.2	12.9	1.16	3.9	11-07-84	1901.2	136.8	2.7	1.44	14.96
Syntex Corp	SYN	49.25	46.63	48.00	1.25	2.67	56.25	37.75	.07	.11	.91	-14.96	4.08	-.22 F	-5.1	28.0	14.7	11.8	1.60	3.3	11-02-84	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.88	13.88	15.13	-.88	-5.47	26.50	13.25	-.40	1.59	3.52	-31.11	1.65	.67 N	42.1	65.0	11.0	6.7	.40	2.6	09-11-84	149.4	16.5	3.2	.00	5.85
Upjohn Co	UPJ	67.25	63.75	66.25	-.50	-.75	72.25	45.00	.12	.59	-1.42	26.49	5.28	.68 N	13.6	2.0	8.1	11.7	2.56	3.9	10-01-84	1986.1	160.2	2.2	18.02	34.74
Warner-Lambrt	WLA	34.25	32.50	34.25	1.38	4.18	36.75	28.25	-.02	.61	-.73	40.83	2.51	.49 N	21.4	1.0	6.5	12.4	1.48	4.3	11-02-84	3108.3	200.5	1.9	7.53	17.75
Zenith Labs	ZENI	18.50	16.50	18.50	.25	1.37	19.50	12.00	.57	.59	-1.41	-43.92	.73	-.26 N	-31.7	114.0	7.8	33.0	.00	.0	00-00-00	32.1	2.5	4.6	1.12	5.12

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

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Chain execs' economic predictions

Mostly sunny skies with a chance of showers

The economy, following President Reagan's reelection, may be entering a slowdown phase, but retail and wholesale drug industry executives, trying to peer into their crystal balls for 1985, are relatively optimistic.

In a survey of top retail and wholesale executives carried out just prior to the election, the mood of most industry executives was upbeat.

Although there were some reservations about the deficit and possible increases in both personal and corporate taxes, most retail chain and independent drug store operators and most wholesale executives felt the economy was going to continue along reasonably well, with such key economic barometers as inflation and interest rates either not changing at all or increasing moderately.

On the most positive plane, the majority of chain retail and wholesale executives felt that disposable income would increase at least moderately in 1985. At the same time they and many independents also felt that unemployment would go down, probably moderately.

Their optimism seems to be closely connected to a faith in the President's ability to control the economy. But that optimism is not so strong as to make them believe that the threat of inflation is entirely behind us or that potential problems with the growing deficit can be avoided.

In looking at the overall economic picture for 1985, nearly half of all chain executives, plus a third of all wholesalers and independents, said they were "very confident" that the economy would continue to move through a recovery phase in 1985.

Half of our respondents were at least "somewhat confident" that the economy would continue to recover.

Chain executives were the most optimistic, with 95% of all respondents expressing either a very or somewhat optimistic view of the economy. Eight out of 10 wholesale and independent respondents, were equally as confident.

The big worries about the economy came in the areas of the deficit, inflation, interest rates and corporate and personal taxes.

Half of all independents and wholesalers and two-thirds of all chain executives felt inflation would rise in 1985. However, they said that they felt that any increases would only be moderate.

With inflation now running at 3% to 4%, most of the industry seems to feel that inflation will remain far below the double digit rate in 1985, probably at no more than 7% to 8%.

The deficit, however, is another story. Right now the Government is estimating that the deficit will reach about $210 billion. This is already $35 billion more than Reagan was estimating the week of his election.

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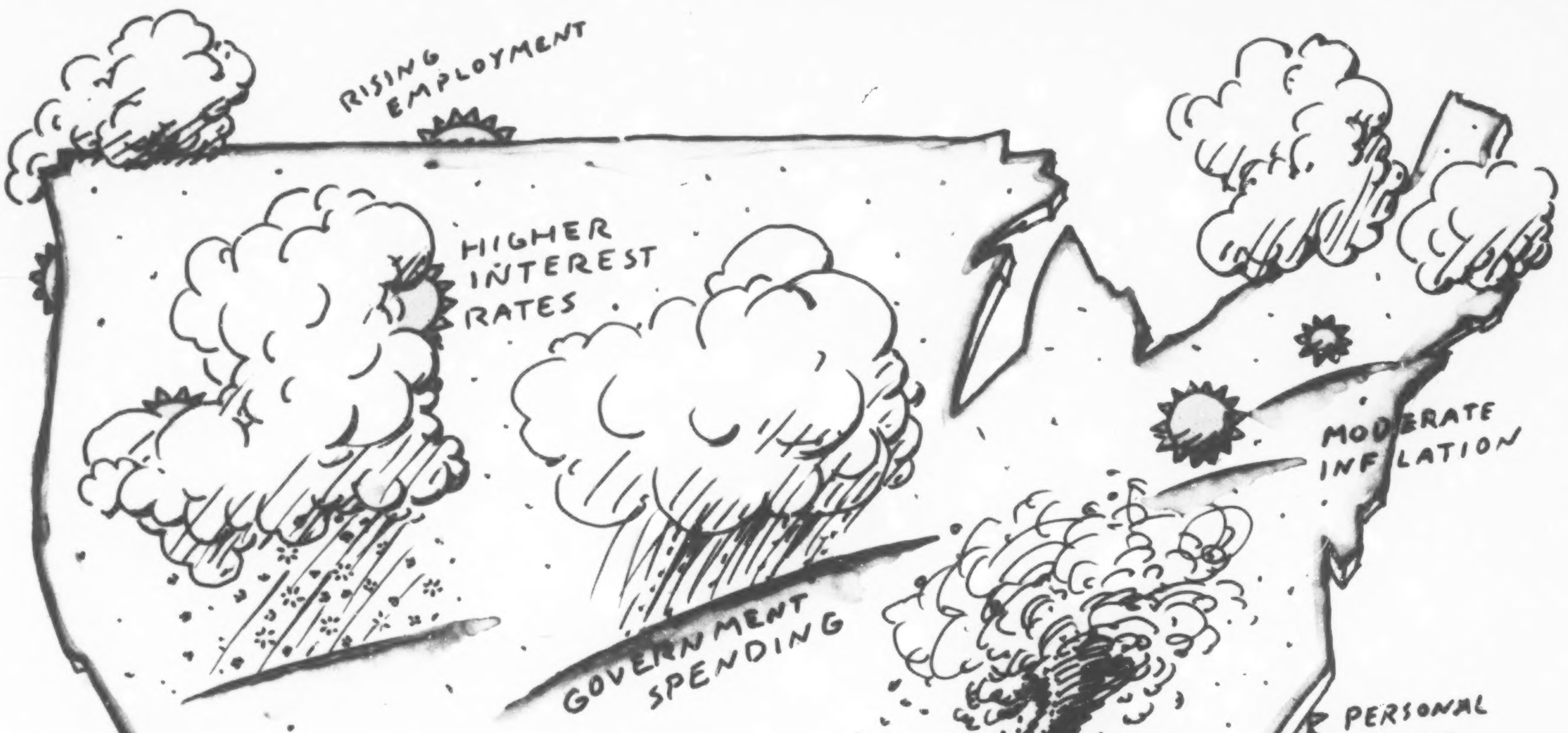

Conventional store type choice for expansion

Chain drug store executives are planning to advance their company's growth prospects along two major fronts in 1985: First they plan to construct or acquire more conventional drug stores, the industry's mainstay, and second, they plan more diversification into such nontraditional retailing areas as deep-discount drug stores, auto part stores and freestanding home health care stores.

INDUSTRY FORECAST 1985

According to the results of *Drug Store News*' first annual industry forecast and trends study, conventional drug stores are now the most common type of store managed or owned by retail companies.

Seventy per cent of the chain respondents operate conventional stores (6,000 to 15,000 sq. ft.). The only format to come close to a similar universality was the bantam store type (under 6,000 sq. ft.) which are owned and/or managed by nearly 5 out of every 10 responding chains.

In contrast, just 10% of the responding chains own or manage a freestanding home health care or auto parts store, while just 2 out of 10 chains manage combination food and drug stores. A quarter of the chains now manage deep-discount drug stores (average margins under 20%) while more than a third also manage super drug stores (over 15,000 sq. ft.).

More chains built or acquired conventional stores in 1984 than any other type and this trend is not only going to continue in 1985, it will escalate. Six out of 10 retail chain store executives say they will build or acquire conventional stores in 1985 compared to 4 out of 10 who did so in 1984.

In contrast, just 2 out of 10 chain executives plan to build or acquire bantam stores in 1985, compared to 15% who said they did so in 1984.

After conventional stores, the hottest growth format for 1985 is the deep-discount store. Twenty per cent of the chain store executives say they plan to add this format to their mix in 1985, compared to just 5% who said they did so in 1984.

The expansion plans for freestanding home health care and freestanding auto parts stores in 1985 remain the same as they were for 1984. Just 5% of the chains will be adding them to their new store program.

There will be more super drug store openings in 1985. Twenty per cent of our respondents plan to open them in 1985 compared to 15% in 1984. As for combination stores, 10% of our respon-

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